

Social Audit

INSULT OR INJURY?

**An enquiry into the Marketing and Advertising
of British Food and Drug Products
in India and Malaysia**

by CHARLES MEDAWAR





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By Charles Medawar

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1. Introduction

There has been a small but steady stream of horror stories about the activities of transnational corporations in the third world — many about the promotion of western consumer goods. For example, in 'The Baby Killer', **War on Want** (1974) describes some of the appalling consequences of pushing infant formula at the poorest of the poor — and they have also criticised the vigorous promotion of high-tar and other cigarettes in the third world. There have also been regular reports about dumping of inferior, defective or dangerous products in developing countries — and successive and well-documented stories about a variety of shady practices in the promotion of drugs. This study was partly prompted by such reports.

This was a pilot study. Its purpose ultimately was to see if there was any point in asking (and any prospect of finding out) much more than was already known. Perhaps the horror stories were just isolated examples, bad exceptions to some better general rule? Or were they examples of a wider problem? In particular, we wanted to find out:

1. What standards were observed by transnational/multinational corporations in the *day-to-day* promotion of consumer products?
2. How did promotions by British companies seem to compare with those of other Western (European and North American) firms?
3. And to what extent did the products sold and the methods used to sell them either meet or conflict with developing countries' needs?

These three basic questions are at least reasonably straightforward and specific. But they arise in the context of a seemingly endless and infinitely complicated debate, both about the need for 'a new economic order' — and about the role and responsibilities of transnational/multinational corporations in the existing one.

These two questions — and others about the nature and purpose of marketing — are discussed briefly in this introduction. But first, a short account is given of the research methods and resources used.

About the research

The study lasted just under a year, and involved two research workers — one full time, the other working on average one day a week. The research involved first, an extensive search of the relevant literature. This came from two main sources, and it is characteristic of this subject that they can be roughly categorised as either ‘pro’ or ‘anti’ business. The ‘pros’ mainly comprise business and academic-business writers; the ‘antis’ include development and political scientists, doctors, journalists, consumer activists and other professionals.

We also sent requests for background information to some 2,000 people who were or had been working with agencies in the British Volunteer Programme. These requests were sent either through or with the consent of their sponsoring agencies — **International Voluntary Service, Returned Volunteers Association, United Nations Association** and the **Voluntary Service Overseas**.

Observations by volunteers — the great majority critical of Western business — have been used mainly as ‘background’ — but there are also a number quoted in the report.

Finally, the research involved fieldwork in India and Malaysia — two Commonwealth countries where investment by British companies is relatively high. Research was limited mainly, but not exclusively, to UK companies marketing food and drugs — and all evidence (for example in interviews, advertisements and published research) was taken in English.

Even allowing for the fact that this was a pilot study — with very limited time and resources for a great deal of research — there are still major gaps in our data. We have ended up with something like an incomplete jigsaw puzzle: many pieces are missing, even if the outline is fairly clear.

One reason for this was the lack of documentary information: often the information didn’t exist; when it did it was often withheld. This can be partly explained by the existence of all-embracing Official Secrets legislation and the official mentality that goes with it: in India and Malaysia, at least, this is a lasting and unwelcome legacy of British colonial rule. But there were problems also with oral evidence. A good deal of the information we obtained came from interviews, and much of it was very difficult to interpret. Different interviewees often gave wildly conflicting accounts — never appearing less sincere in their convictions for the sometimes transparent distortion of facts.

In Britain — where official and less official secrecy still remains crippling — one might expect an outright refusal if a spokesperson

wanted information kept quiet. In India or Malaysia, by contrast, one is told something and it is always 'the truth'. This truth often amounts to a cross between what the informant thinks the enquirer *ought* to be told, and what he would be likely to believe.

The situation is fairly well summed up in the report in the Malaysian press (*New Straits Times*, 30 July 1976) entitled, 'Warning on Reds only for local populace'. It appeared that the numerous warnings given by the Government about communist terrorism, and the dangers of communism to the Malaysian people, had led to 'misgivings among investors in recent months which had arisen largely because of unfair reports by foreign Press'. As a result the Government was obliged to clarify the situation:

Such statements should not be taken to mean that the communist terrorists were posing a "real threat" to the country's security. The warnings (of this "real threat") were only intended for the local populace with the objective of building up their resilience and should therefore in no way influence investment decisions.

This will to some extent explain the various qualifications made in the chapters which follow. The remainder of this chapter includes a very brief discussion of the issues that will later be raised.

What is marketing?

Before turning to the question of what marketing does, it may be worth outlining what marketing is. Marketing can include anything that is done to sell a product.

It may simply involve the distribution needed to make products available to consumers who present themselves to buy. Or, more aggressively, marketing may dictate the design of products, and involve vigorous promotion to sell them.

In this study, the emphasis was on marketing techniques used directly to sell. These include such things as market and motivational research; public relations activity; sales promotions; dealer and consumer incentives; packaging and pricing of products; and of course advertising. In this, as in other studies in consumer protection, particular attention is paid to advertising — because it is important, and also conspicuous.

We are concerned both with these parts, and also with the whole — examining the *overall* effect of marketing on development, mainly in the earlier chapters of this report. Later, we look in detail at what is intended in marketing, and what happens then. To his peers, the successful marketing man is the man with a fleet of salesmen, all of whom can sell

fridges to eskimos. But what about the eskimos?

As this example suggests, what is 'acceptable' in marketing and what is not may very largely depend on the product being sold. Marketing milk is one thing; tobacco, another.

But there are limits whatever is being sold. You can certainly oversell a good thing — and still more a bad one — by many different means, though usually to the same general end. In the end, the consumer may be imposed upon to an extent which may seriously limit his understanding and freedom to understand the real nature and value of whatever is offered for sale. This may be a statement of the obvious — but it needs to be said because marketing is more usually described (by marketing people) as a process for *giving* freedom and freedom of choice.

There are two main means by which marketing may impose. The first is by sheer volume and insistence: the message may be so relentless, so one-sided, as to preclude any real element of understanding anything beyond what is said.

Secondly, marketing may involve undue — and sometimes distinctly unfair — emphasis on the human motivation in buying, rather than on the qualities of a product that are really worth selling. Straightforward appeals to the status, vanity, greed or insecurity of the potential buyer are familiar enough — and probably seem innocuous because they are. But beyond this, there is a lesser-known world of marketing, distinctly sinister in its approach. Here is an example, dealing with the promotion in the UK of a Beecham product which happens also to be widely sold in the third world. (The following may of course all be poppycock — but it certainly wasn't intended as such):

... Other psychological differences suggested by the qualitative stage were shown by a quantified usage and attitude study, backed up by a battery of personality scales, to be a more viable basis for interpreting the part played by Lucozade in the lives of the separate market segments. One particular point was a greater likelihood on the part of heavy users (of Lucozade) to be particularly concerned, if not anxious, about whether they were fulfilling their roles as wife and mother as well as they should. This too had implications for the way advertising should be used to strengthen the brand's position. (Lovell and Potter, 1975)

Possibly the most unusual thing about examples like this is that they are ever published. But they are certainly not untypical in suggesting that it is characteristic of marketing, when aimed at influencing demand, to identify and play on human weakness, when and if that is what it takes to sell products. Marketing also stresses the satisfaction that products may give — by emphasising the dissatisfaction that consumers without those

products 'should' feel.

It is bad enough for marketing to operate in this way in the West, but quite another where the third world is concerned. For how can one possibly justify creating and even contriving need where the failure to meet existing needs is already calculated in terms of tens of millions of lives each year?

Share my 5 Star?

Not a chance!

Cadbury's 5 star LAYERS OF CHEWY CARAMEL AND TASTY NOUGATINE, COVERED WITH CREAMY MILK CHOCOLATE

deliciously rich—you'd hate to share it.

Third World

Reference has already been made to the debate about a 'new economic order'. There is no need to discuss here what this might entail, but it is worth acknowledging why it should or might exist.

The debate about a new economic order arises because of intolerable and widespread poverty in one part of the world and great wealth in another; because of the dependence of poor nations on rich ones — and, perhaps above all because of the prospect of both poverty and dependence increasing. The debate persists not because there is serious doubt about the reality of this. It drags on essentially because, however much the richer nations and their people would like to share their cake, they want to have it too.

The most significant thing to be said about poverty is that words cannot convey what it is. Many writers acknowledge this. For instance (in Judd, 1977) Robert MacNamara has written:

We must try to comprehend what in fact we mean when we speak of poverty ... The word itself has become almost incapable of communicating the harshness of the reality. Poverty at the absolute level — which is literally what hundreds of millions of men, women and most particularly children are suffering in these countries — is life at the very margin of physical existence.

Equally, statistical and related material seems far from adequate. Statistics define the magnitude of a problem — but in doing so they shrink the human reality to the point at which it becomes impossible to see. 'Statistics don't bleed': still, here are some facts and figures, starting with one which suggests that inequality exists *within* developing countries, as well as between 'us' and 'them'. [1]

Life expectancy in Nigeria is estimated to be 47 years from date of birth; and the average per capita income in Nigeria is equivalent to about £13 a month. At the same time Nigeria is the twelfth largest champagne consuming nation in the world (1976) — one of five developing countries ranked among the top 14 consuming nations. [2] Between them: Venezuela, Ivory Coast, Nigeria, Mexico and Guadeloupe consumed just under 3 million bottles of champagne in 1976.

(The statistics for champagne consumption also show that the Ivory Coast — one of the very poorest countries in the world — trebled its champagne consumption between 1975 and 1976; while Nigeria halved it. Obscure as they are, perhaps these statistics are underestimated as indicators of 'national' prosperity and stability?)

In Britain, the average number of calories consumed per head per day, is about 3,100 — just over the normal daily requirement for a moderately active man aged between 18 and 34. But in Northeast Brazil, the poorest have a daily intake of about 1,250 calories (and the richest 4,300) — and in Maharashtra State in India, the levels are 940 calories a day for the poorest (and 3,150 a day for the richest).

The infant mortality rate in Britain is about 17.5 per 1,000 live births. In less developed countries, the average is 140 deaths for every 1,000 live births. In less developed countries, children under 5 comprise about 20 per cent of the total population, and account for about 50 per cent of all deaths. In Britain children under five account for about 10 per cent of the population, and for 3 per cent of all deaths.

In Britain, the general medical practitioners' average list size (number of patients registered) is about 2,350. In Ethiopia, there is one physician for every 73,000 people — and in nine other African states, there is only one physician for every 30,000 people or more.

Overall, probably 40-50 per cent of the world's people live on the brink of starvation, or beyond — and mostly without potable water, schools, medical care or work. In 1972, there were 46 countries in which the average annual earnings were under \$200 a head (about £105 per person per year); and in another 26 countries, average annual earnings were below £200 a head. By contrast, a single person in Britain on minimum supplementary benefit level would today (1978) receive about £1,130 a year.

Finally, according to the Commonwealth Experts' Group (Commonwealth Secretariat, 1977): 'Even on optimistic assumptions, the gap between the rich and the poor nations, now of the order of 12 to 1, will still be as large at the end of this century, if present trends continue.'

If data such as these obscure the wretchedness of human poverty, they do at least suggest the extent of the economic, political and social transformation that is needed to make good. It is not pertinent to discuss here how this transformation might be achieved; but it is worth considering briefly whether and how transnational/multinational corporations may help or hinder the development process.

Transnational corporations

Without labouring over definitions, a transnational/multinational corporation (TNC) is an enterprise with production facilities in at least two countries. The parent company may wholly or partly own its foreign subsidiaries; but either way is likely to have effective control over them.

The archetypal transnational corporation (TNC) is US-owned but — ranked by value of foreign investments and number of foreign affiliates — UK-owned companies come second, though far behind. About one-third of UK foreign investment is in developing countries: UK companies account for half or more of all investment by the rich Development Assistance Countries[3] in 21 developing countries; and are ranked as a 'main investing country' in 37 more.

The relationship between host countries and TNCs depends ultimately on what a country expects of foreign investors and what a particular company is prepared to provide. The requirements and expectations that each party has of the other vary considerably.

However, to generalise: on the positive side, TNCs 'have developed distinct advantages which can be put to the service of world development. Their ability to tap financial, physical and human resources around the world and to combine them in economically feasible and commercially profitable activities, their capacity to develop new technology and skills and their productive and managerial ability to translate resources into specific outputs have proved to be outstanding.' (United Nations, 1973)

Against these *potential* benefits, there are three main areas of

conflict between TNCs and host countries — and less developed countries in particular. These are:

1. The size and power of TNCs. Of the hundred largest economic units in the world today, about half are nation states and half TNCs. Thus, the sales of British Petroleum exceed the gross national product of Malaysia — and by the same token Unilever is larger than Egypt, or ICI larger than Morocco. From another perspective, the sales of the top 15 US companies combined exceed the gross national product of the UK.

The relative size of the TNCs underlines the power they have to influence government policies and resist government control; to shape consumption patterns, tastes and values; and otherwise to affect people's lives — either for better or worse — in many different ways. The size of the TNCs also gives them strength in trade. They may predominate in key industries (such as petroleum, pharmaceuticals or computers) and tend also to operate in monopolistic or oligopolistic markets — obviously to the disadvantage of local trade.

2. Corporate vs national priorities. The potential for conflict between the TNC and the nation state is symbolised in the following thumbnail sketch of the corporation by the then Chairman of the Hawker Siddeley Group, Sir Arnold Hall:

A multinational corporation is an American registered company manufacturing its products where labour is cheapest and channelling its profits to another country where taxation is lowest and preferably non-existent[4]

Many other charges might be added to this — and not least about the conduct of trade and the quality and nature of the products involved. Other recognised areas of conflict range from attempts by TNCs at direct political intervention to the imposition of 'foreign' ways and means; and from the repatriation of excessive profits to various restraints of trade.

In all, the effect on a national economy of substantial foreign investment may be to 'undermine government priorities, fiscal and monetary policies, and income distribution policies and (to) have an unfavourable effect on the balance of payments' (United Nations, 1973). All of these conflicts are exacerbated by the fact that the TNC may operate beyond effective control.

3. Lack of accountability and control. In some activities, the TNC operates beyond either national or international jurisdiction. There is general agreement on the need for accountability — but nothing in practice to ensure it. At present, there exist only a number of voluntary codes of practice — none of which, even if recognised, is enforced.

This lack of accountability is particularly serious for the less

developed countries, which typically lack both the resources and the expertise for even effective domestic control. In the consumer field — understandably considered as an area of relatively low priority — there is marked lack of control.

In considering the response to this by TNCs in general, and British firms in particular, our immediate concern is clearly for consumers and would-be consumers — most of whom live in conditions of squalor, poverty and disadvantage far beyond the imagination or experience of the average person in the West. But, apart from this, it is worth considering the behaviour of these companies from another perspective. How do companies react when free of many of the controls they are expected to abide by in the West — when operating in a comparatively virgin environment? Do they take advantage of their freedom, or behave with appropriate restraint? And what does all this say about the nature of business itself?

2. Marketing and Development

What do business people think about marketing in developing countries? Do they assume that business has special responsibilities because these countries have special needs? Or do they think of developing countries essentially as developing markets?

Some of the answers can be found in the literature on marketing in developing countries, much of it in US academic business journals. This literature is not extensive, and is often repetitive—but there is still enough to give some idea of an orthodox business view.

As far as the overall contribution of marketing to development was concerned, nothing was found in the literature to advance significantly on ideas put forward over 20 years ago by the influential management theorist, Peter Drucker (1958). Fundamental to Drucker's views on the role of marketing in both political and economic development is an assumption about marketing that can be described only as an article of business faith. Like many others, Drucker takes for granted that marketing ultimately serves human needs:

It is in marketing... that we satisfy individual and social values, needs and wants—be it through producing goods, supplying services, fostering innovation, or creating satisfaction. Marketing, as we have come to understand it, has its focus on the customer, that is on the individual making decisions within a social structure and within a personal and social value system. Marketing is thus the process through which economy is integrated into society to serve human needs.

From this starting point, Drucker develops his ideas about the contribution of marketing to *political* development:

Without marketing as the hinge on which to turn, economic development will almost have to take the totalitarian form. A totalitarian system can be defined economically as one in which economic development is being attempted without marketing, indeed one in which marketing is suppressed. Precisely because it looks first at the values and wants of the individual, and because it then develops people to act purposefully and responsibly—that is because of its effectiveness in developing a free economy—marketing is suppressed in a totalitarian system. If we want economic development in freedom and responsibility, we have to build it on the development of marketing.

Essentially the same point has been restated by (among others) Doyle (1977) — and also overstated, for example, by Ewing (1964). However, Professor Ewing — unlike Drucker or Doyle — does make the important distinction between totalitarian government on the one hand, and communism on the other:

While it is perhaps not the primary responsibility of business to fight communism, this is certainly a secondary objective — or should be, since to be on the losing end is beyond acceptance.

Drucker's second and more important theme concerns marketing and *economic* development — and it is central to his diagnosis of under-development that poverty exists where marketing doesn't:

The essential aspect of an "under-developed" economy, and the factor the absence of which keeps it "under-developed", is the inability to organise economic efforts and energies, to bring together resources and wants and capacities, and so to convert a self-limiting static system into creative, self-generating organic growth.

The remedy is marketing — according to Drucker, the critical factor in economic development. Marketing 'makes possible economic integration and the fullest utilisation of whatever assets and productive capacities an economy already possesses. It mobilises latent economic energy. It contributes to the greatest needs: that for the rapid development of entrepreneurs and managers....'

Beyond suggesting that transnational corporations (TNCs) are admirable vehicles of development, Drucker also asserts (1974) that there is not a great deal in it for them. He has written: 'It can be said bluntly that the major manufacturing, distributive and financial companies of the world would barely notice it, were the sales in and profits from the developing countries suddenly to disappear.'

It might be more logical to assume that TNCs would not operate in developing countries if they did not choose to be there. However, to the extent that Drucker is right, it may be assumed also: (a) that TNCs would notice it even less if their profits were to decline, rather than altogether disappear; and (b) that it would barely affect a TNC to adapt its business to meet local needs.

But so long as TNCs do operate in developing countries — whatever the reasons, and whatever the benefits to them — the important thing to establish is what happens in practice as a result. This has not only to do with whether markets provide goods that people choose to buy. It has also to do with the effect of marketing on the lives people choose to lead.

And in less developed countries, above all, this depends on the contribution of marketing to some general wealth.

Humble (1974) is one of the very few business commentators to acknowledge the fundamental difference there is between the making and the distribution of wealth — a distinction pointedly made by Emilio Medici, the former President of Brazil, when he observed that 'Brazil is doing well but the people are not'.[5]

Humble suggests that TNCs 'are superb instruments for *creating* economic wealth, but not for *distributing it equitably*.' (His emphasis). If the logic of this is that TNCs may, in effect, be superb instruments for creating or perpetuating *inequality*, it doesn't fundamentally alter Humble's view — because he goes on to argue that, 'it would be improper and undemocratic for business to be responsible for international plans to redistribute wealth between and within nations', suggesting that this should be the role of national and international political systems. Still, he leaves aside the critical question of what happens if politicians either cannot or will not do this.

What happens to wealth?

The question whether and how the developing countries benefit from the wealth made by TNCs is far from straightforward. It has prompted radically conflicting views, some better supported than others, and all suffering from what is widely acknowledged as the 'notorious unreliability' of essential data — if not the lack of them. Our principal contribution to this debate may well be that we set out to understand the various issues involved with the detachment that only complete ignorance can bring.

At least there is nearly complete agreement on one of the most basic points of all: development cannot be measured in terms of national economic wealth (GNP) alone. 'The issue of development is not merely a matter of maximising the growth rate of output but is inseparable from social needs and style of living (United Nations 1973). More trenchantly, Barnet and Müller (1974) argue 'A mechanical definition of development based on growth rates is obscene in a world in which most people go to sleep hungry.'

There is also therefore at least implied acceptance of the fact that a significant part of the wealth that is created in developing countries is not used for development at all. This is just hinted at in the UN report (1973) on Multinational Corporations in World Development — which rather coyly concedes that 'multinational corporations, through their tacit

alliance with certain social groups, may even be regarded as obstacles to appropriate social and political development.' The Commonwealth Experts' Group (Commonwealth Secretariat, 1977) is more forthright, in its reference to 'those developing countries where conspicuous consumption by the few, puts at risk the basic well-being, even the survival, of the many' — but the Group does not specifically suggest that TNCs may play a part in this.

In fact, there is general disagreement or lack of data about the role of TNCs in all this — even if the major effects of recent growth in developing countries are clear enough. Of the several substantial studies in this field — all broadly in agreement — we quote from Adelman and Morris (1973) not least because they clearly didn't drive to a particular conclusion, but were driven to it:

The results of our analyses came as a shock to us. Although we had believed economic growth to have unfavourable social, cultural and ecological consequences, we had shared the prevailing view among economists that economic growth was economically beneficial to most nations. We had also not greatly questioned the relevance today of the historical association of successful economic growth with the spread of parliamentary democracy. Our results proved to be at variance with our preconceptions. In view of their unexpectedness, we undertook a variety of cross-checks during the two years before we sought their present publication. Case studies and other historical and contemporary evidence coming to our attention have been so overwhelmingly consistent with our findings that, despite major data deficiencies, we present them here with considerable confidence in their validity.

These research workers' conclusions are based on a statistical analysis of 48 different measures of social, political and economic characteristics in a sample of 74 countries. Very briefly, they report:

- Our findings strongly suggest that there is no automatic, or even likely, trickling down of the benefits of economic growth to the poorest segments of the population in low-income countries. On the contrary, the absolute position of the poor tends to deteriorate as a consequence of economic growth... An even more disturbing implication of our findings is that development is accompanied by an absolute as well as relative decline in the average income of the very poor.
- Economic modernisation has had little direct effect on the sharing of political power. The major forces favouring more participant political structures tend to be social and political rather than purely economic... We also find little warrant for the widespread belief that increased political participation leads to a more equitable distribution of income.
- Our conclusions, while necessarily tentative, point strongly to the importance of social, institutional and political transformations for the achievement of

greater political and economic equality; and they underline the urgent need to discard as outmoded the view that economic growth in low-income countries typically benefits the masses ... The frightening implication of the present work is that hundreds of millions of desperately poor people have been hurt rather than helped by economic development. Unless their destinies become a major and explicit focus of development policy in the 1970's and 1980's, economic development may serve merely to promote social injustice.

Some of the factors responsible for this clearly have nothing whatever to do with the presence or activities of the TNCs. For instance, the lowering of per-capita income in LDCs can be partly attributed to the increase in life expectancy (i.e. the effective population growth) resulting from mass health programmes. On the other hand, the TNCs have certainly played an important part in development and underdevelopment — in two main ways.

One is by accelerating and directing the process of industrialisation. Humble (1974) appears to be the only business theorist to have acknowledged this at all. He accepts that TNCs 'are often involved in these issues and frequently blamed for them' — but argues that the problems would be very much the same even if local companies alone were involved. He writes:

In all countries the process of industrialisation, particularly when it is rapid, inevitably causes social distress and disruption. Income distribution can be uneven and inequitable; small groups and elites can gain undue advantage; the explosion of population in cities and urban conurbations can be agonising as people leave agriculture for industry; the consumption patterns are often far from ideal ... people may want a transistor or a lipstick when the economist can see a more effective resources allocation ...

Secondly, TNCs influence the course of development in ways which are specific to their being *international* organisations. These two issues are in the chapter which follows.

3. Transnational Corporations and Development

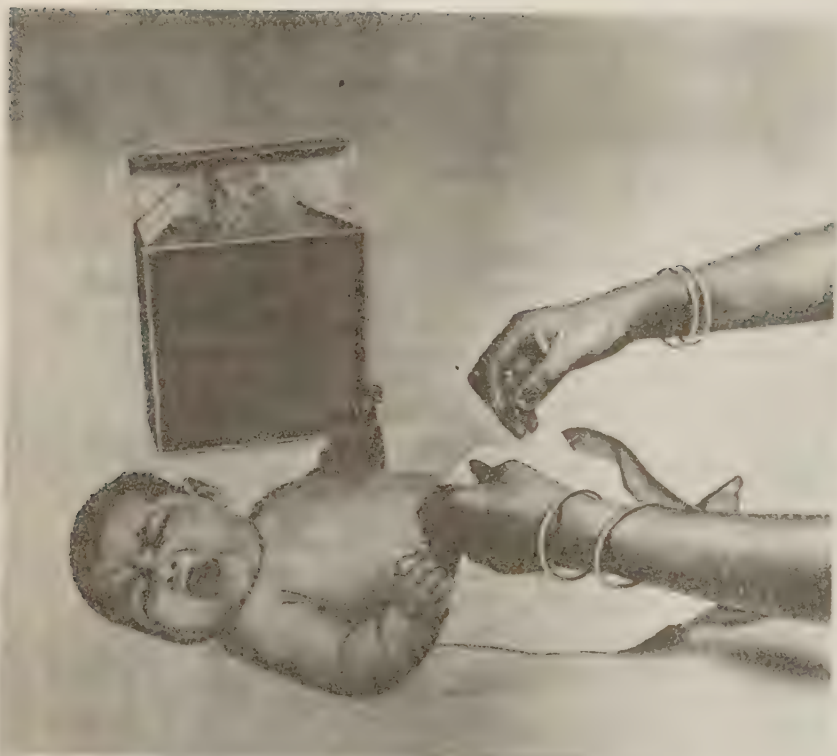
As international organisations, TNCs may transfer from more to less developed countries tastes which may be totally inappropriate to basic development needs — at the same time using the resources of developing countries to satisfy the taste and demands of consumers in the West. Typically, TNCs not only introduce and promote the use of these high technologies; but they also maintain effective control over them. In addition, they employ a variety of so-called 'profit management techniques' by which the wealth they help generate is not made available at source — but either repatriated or transferred elsewhere.

Examples of this will be given, and the impact of TNCs on unemployment and the balance of payments — both major development problems — will also be briefly discussed. It is true that these issues are a bit beyond the scope of this report. At the same time, they are entirely pertinent — because, if the costs and benefits involved in marketing in developing countries are obviously outweighed by benefits or costs *otherwise* associated with the activities of TNCs, it is clearly worth saying so.

Taste transfer

However, the question of taste transfer — at least from 'us' to 'them' — is central, and an issue which recurs throughout this report. 'Taste transfer' implies the introduction of imported, high-technology and high-cost goods — which may give relatively poor value in relation to locally-available alternatives, and otherwise be unsuited to local needs.

In his study of breakfast foods in Kenya, Kaplinsky (1978) discusses in some detail two principal mechanisms of taste transfer. One is a relatively high level of expenditure on marketing and advertising, in this case, 'largely confined to the urban, expatriate elite'. Then there is the inevitable 'demonstration effect', whereby consumption patterns are



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Which is why you see more and more ads in magazines such as Femina, Indrajit Comics, Madhuri and Parag.

Other good magazines published by Bennett, Coleman & Co. Ltd., that cover a wide range of reader interests are: Dharmayug, Dinaman, Filmfare, The Illustrated Weekly of India, Sanku, Science Today and Youth Times... whose readers are always in the market for new products.

Our Magazines Change Lifestyle

passed down, ultimately 'to the poor masses as standards worthy of emulation.' Kaplinsky comments:

Evidence that this passing down does occur can be gained from the practices of the advertising agencies in Kenya. As one of the most prominent of these agencies commented on the Weetabix/Weetaflakes campaign: "They (the producers of Weetabix) use the same strategy as East African Industries (the Unilever subsidiary) — stick it in at the top of the market and let it sink down." The same view was expressed by the agency actually responsible for the Weetabix/Weetaflakes campaign who commented, additionally, that it "is easier for products to go down than to go up."

The effects of this passing down may be disastrous, given the relatively very high nutritional cost of imported and 'Western-style' breakfast cereals, compared with traditional alternatives. The following tables summarise the detailed breakdown that Kaplinsky gives:

Unit cost of different breakfast foods

Range of cost for:	Kenyan shillings/kilogram
Staples (Maize, flour, wheat flour, bread)	1 - 3
High income breakfast foods (Post Toasties, Weetabix, Weetaflakes, Special K, All Bran, Puffed Wheat, Shredded Wheat, Rice Krispies)	20 - 90

Unit nutrient costs of different breakfast foods

Range of nutrients available for one Kenyan shilling	Staples	High-income foods
Calories	900 - 3,630	40 - 176
Protein (g)	29 - 100	0.8 - 5.5
Vitamins (mg) —		
Thiamine (B ₁)	0.3 - 13.2	0.1 - 0.4*
Riboflavin (B ₂)	0.2 - 1.3	0.02 - 0.5*
Niacin (Nicotinic acid)	3.5 - 20	0.2 - 5*

*Most of the high-income cereals have been enriched to these levels.

To put these data in some kind of perspective: a large (500g) packet of one of the cheapest of the high-income cereals (Post Toasties) costs K. Shs 13.50. This 'is equal to approximately two days agricultural labour in Central Province, the richest region in the country.'

In another excellent example, Kaplinsky suggests the significance of local demand in taste transfer:

Until recently all locally manufactured sugar was of an off-white colour which was in sharp contrast to the striking whiteness of the imported product (Kenya is not yet self-sufficient in sugar). The main reason for this colour was the presence

of molasses in the final product which was not removed because of the shortfall in the local production of sugar (the molasses content added 10 per cent to the weight of the sugar). This off-white sugar was both cheaper to produce and more nutritious than the imported white variety. Great pressure was exerted on the sugar producers to "improve the quality of their product" (that is, to make it whiter) both by consumers (often writing letters to the newspapers) and by senior civil servants who complained at the "shoddy nature of local products". Part of the ammunition used by those pressure groups was that the off-white sugar did not meet current WHO standards (which for some incredible reason, specify a minimum whiteness for sugar). The end result has been that with a great fanfare the mills have started to produce white sugar "up to world standards", exporting the more nutritious molasses by-product to developed countries for cattle feed.

One obvious consequence of the introduction of high technology products is higher prices. Thus the fruit or sugar crop from a developing country may be converted (often through an export-import process) into processed soft drinks or other foods before being sold at a relatively exorbitant price. The process of price-escalation, at its very simplest, can be seen in the following example — one of two almost identical observations from volunteers in the West Indies:

One thing that annoys me is the fact that spices that are grown in the West Indies — such as cloves, cinnamon, nutmeg etc. — are exported and then re-imported from the UK or Canada in "pretty little packages" — at enormous prices.

Another volunteer writing from Kenya, suggested a comparable problem — but compounded by the fact that the "raw" local produce was apparently not readily available. Commenting in particular on the activity of Brooke Bond and Nestle, this volunteer wrote: 'It is ... a little surprising to find in a tea and coffee-growing area of small-holders that you can only buy brand coffee or tea'. Clearly, packed and branded tea is much more expensive than tea sold loose; while tea in tea-bags costs about three times as much as tea in a 1 lb pack[6]. Instant tea — representing the height of tea-processing technology — is of course more expensive still.

Cash-cropping

Cash-cropping amounts to much the same thing, but taken to its logical extreme. In the case of tea, the local produce could at least be bought, albeit in an expensive form. But with cash-cropping, land which could (probably should) be used for local food production is instead used to grow produce for sale in developed countries.

The theory of cash-cropping is simple and logical enough: you use land to grow more rather than less valuable products to benefit from the surplus produced and the foreign exchange. Thus good food-growing land throughout the developing world is used for raising anything from carnations[7] to animal feed; and from rubber to hamburger beef, all mainly used in the richer countries of the world.

In practice, however, cash-cropping may not work to the advantage of developing economies — one notable reason being that the extent of cash-cropping of many commodities has resulted in the lowering of world prices for them. In addition, the wealth that may be created by cash crops typically accrues not to the people who need it, but to a small land-owning elite.

Berg (1973) gives a particularly dramatic example of this: meat production in Costa Rica increased 92 per cent between the early 1960's and 1970, while local per capita consumption decreased over that period by 26 per cent. The meat ended up mainly in the 'franchised restaurant hamburgers in the United States.'

This and many other related examples explain in part why 'the diet of the bottom 40 to 60 per cent of the world's population is actually getting worse' (Barnet and Müller, 1974) — while the following (Ledogar, 1975) suggests both the enormity of the waste involved, and the potential for alternative schemes. This chart — based on actual growing conditions in the Valle region of Colombia — is more or less self-explanatory:

1 Hectare* of land used to grow:	For humans to eat:	Supplies one day's protein requirements for:	At (1972) cost to consumer of:
Feed crops	as chicken	1430 people	200 pesos/Kg
Feed crops	as eggs	3900 people	140 pesos/Kg
Beans	directly	4300 people	75 pesos/Kg
Soybeans	directly	22700 people	12 pesos/Kg

* About 2½ acres.

Note first, that broiler-chicken production in Colombia doubled between 1966 and 1971 — as did egg production between 1970 and 1973 — mainly under the influence of the US agribusiness concern, **Purina**. Secondly, it should be pointed out that for about one quarter of the Colombian people, one dozen eggs or a kilogram of chicken cost the equivalent of one week's earnings or more.

Transfer of technology

Beyond the question of appropriateness, there is the question of *control* of technology — ‘technology’ simply being ‘skills, knowledge and procedures for making, using and doing useful things.’[8] In discussing here the extent to which these technologies may be transferred to the advantage of developing countries, we work from the convenient (if not strictly accurate) assumption that the transfer of technology via transnational corporations to developing countries happens completely and naturally over time — but subject to various constraints. In outline these include:

- the fact that technologies change rapidly; result from research and development carried out very largely in (and also for) industrialised countries; are capital intensive (and capital in developing countries, unlike labour, is in very short supply); and give TNCs a competitive advantage and market control which they naturally wish to maintain. The evidence for, and implications of this situation are further discussed in Chapter Four and elsewhere.
- Secondly, transfer of technology may be achieved by means of licensing agreements and other arrangements by which developing countries might benefit directly from the purchase of technology and proprietary rights from source. Indeed, payments for such rights are estimated to account for about one-half the flow of direct foreign private investment in developing countries — and they are growing steadily at the rate of about 20 per cent a year. (United Nations, 1973)

In practice, however, the one-sidedness of the flow of technology is paralleled in the terms of many of the agreements themselves. These typically contain quality or quality control clauses — through which sales volumes or sources of raw materials supply may also be controlled — and may contain restrictions on such things as prices, export policies, and production or sale of similar products both during and after the contract period, as well as ‘tie in’ the sale of know-how or related services. The result is frequently to allow the use of technology, but not its effective transfer. Vaitos (1974) has commented on the situation in the Andean Pact countries as follows:

The list of clauses included in contracts of technology commercialisation and the impact they have on business decisions prompt the question: what crucial policies are left under the control of the ownership or management of the recipient firm? If the volume, markets, prices and quality of what a firm sells, if the sources, prices, and quality of its intermediates and capital goods, if the key personnel to be hired, the type of technology to be used etc., if all of these are left under the control of the licensor, then the only basic decision left to the licensee is whether or not to enter in an agreement of technology purchase.

Again, the use of patents may further the dependence of developing countries on foreign technology, rather than encourage its transfer — not least by allowing firms with technology to sell to impose restrictions in contracts and/or to charge excessive prices for the technology itself. Such data as there are indicate that the large majority of patents in developing countries are foreign-owned — and the large majority of these never used. The result can be to provide captive markets for exports from developed countries; to stop developing countries from bringing in cheaper imports — and also to inhibit local research and enterprise.

- Finally, reference should be made to the contributions to transfer of technology made through the process of 'learning by doing'. Since the large majority of TNC subsidiaries' staff are recruited locally (the proportion decreases with seniority, but increases with time) there must be some benefit to host countries as personnel move from foreign-owned companies to local ones. At the same time, this process must be decelerated by the fact that 'in many countries the wage rates paid by multinational corporations are several times higher than those paid elsewhere' (United Nations 1973). Clearly too, the incentive for more capable and experienced personnel in TNC subsidiaries to work for local firms must be influenced by their competitive standing. In any case, the skills that are learned, and the technologies involved may be neither appropriate for national development nor suited to local needs.

Profit and profit management

There is some disagreement about the profitability of TNCs in developing countries, though a good deal of evidence to suggest that it is considerably higher than Drucker and other business commentators might suggest (See for example, Reddaway, 1968; Lall, 1974) The facts of the matter are complicated partly by distortions which result from these companies' international movements of funds. The United Nations (1973) reports that TNCs characteristically make extensive use of a variety of schemes to this end. Many of them are poorly understood; in any case, they are constantly being adapted and changed:

Dividends and royalty payments are not the only means whereby multinational corporations withdraw profits from a foreign subsidiary. Profits can be recorded in other units of a global system, including holding companies located in tax havens, through control of the transfer prices for goods and services supplied by the parent company or exports to other affiliates... Prices charged for tied imports have been shown in some instances to be far above prevailing "world" prices, and conversely those for exports have been below world prices. As already noted, overpricing, particularly for wholly-owned affiliates, has been used as an alternative to royalty payments. Considerable variation exists, however, in the amount of overpricing or underpricing and its over-all frequency is not known.

The principal evidence for these remarks comes from Vaitos, whose studies of import pricing in a number of South American countries have revealed some astonishing examples of over-pricing — particularly in the pharmaceutical industry. The purpose of such pricing policies is to transfer income to the parent company from the subsidiary, and to allow the subsidiary thereby to declare low profits. This increases the host country's import bill, reduces its tax revenues from corporate profits, and also drives up prices for consumers.

The highest rate of over-pricing were for two Roche drugs, the tranquillisers **Valium** and **Librium**. In 1968, Vaitos reported, the prices at which these two drugs were imported into Colombia were (respectively) 65 times and 62 times higher than the world price. The average level of overpricing by foreign-owned pharmaceutical firms was 155 per cent; in the rubber industry, 40 per cent; in the chemical industry, 20 per cent; and in the electronics industry, between 6 and 50 per cent. Vaitos mentions also that signs of similar behaviour were seen in other industries, not studied in depth: 'For example, a large part of the automobile industry in the Andean Pact has been declaring losses over several years.... Despite the declared losses by existing firms new ones are eager to enter.'

Mainly about employment

Finally, some reference should be made to the impact of TNCs on foreign exchange earnings and on unemployment — both chronic and characteristic development problems.

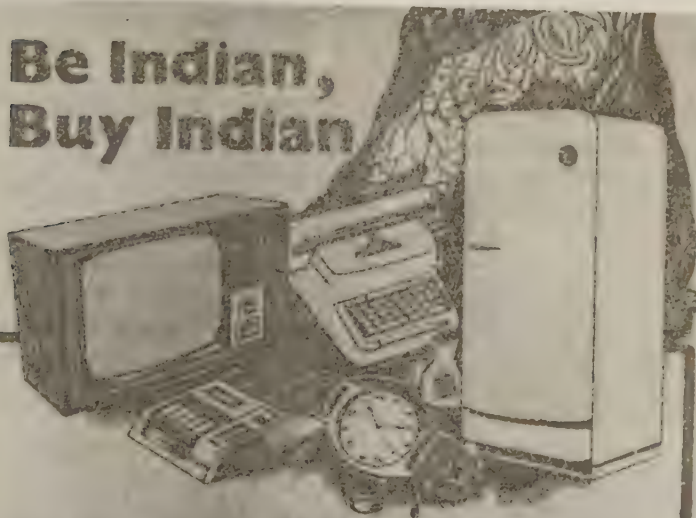
The question of foreign earnings can be very briefly dealt with, simply by raising a large question mark. According to the United Nations (1973), the *direct* effects of TNCs on the balance of payments is usually positive — but, 'when all the indirect effects are taken into account, the estimated net result varies with the assumptions made.' The most critical assumption has to do with the situation that would exist if TNCs weren't operating in developing countries at all. In this situation, does one assume that some of their output would have been replaced by local firms — or assume that the TNCs output is entirely *additional* to what would be locally produced? The UN (1973) considers this question to be 'at present unanswerable'.

Transnational corporations have created both employment and unemployment. On balance, the United Nations (1973) has concluded that the contribution they make is positive, though 'small in relation to the massive unemployment problem' that is characteristic of developing

countries. The three problems most commonly referred to in connection with TNCs and employment are (1) their emphasis on labour-saving, capital intensive technologies, (2) their failure to develop or use feasible alternative technologies, or adapt to local conditions or needs; and (3) their contribution to urban unemployment and urban-rural imbalance.

The significance of using capital-intensive, rather than labour-intensive work methods does not need lengthy explanation — since to a greater or lesser extent, the problem is universal. The following example

Be Indian, Buy Indian



India produces a wide range of consumer and other goods. Quality-wise, our goods compare with the best produced anywhere in the world.

Four of the highly industrialised nations of the world, viz., Japan, U.K., U.S.A. and U.S.S.R. account for one-third of our exports.

By buying Indian-made goods, we strengthen our economy and create employment opportunities.

**‘Develop
greater pride in
Indian products
and
Indian skills’**

— Smt. Indira Gandhi

(Orbit 1978) is given simply as a reminder of the issues involved:

A country imported two plastic injection moulding machines costing \$100,000 with moulds. Working three shifts with a total labour force of 40 workers they produced one-and-a-half million pairs of plastic sandals and shoes a year. At \$2 a pair they were better value (longer life) than cheap leather footwear at the same price. However 5000 artisan shoe-makers lost their livelihood which, in turn, reduced the markets for the suppliers and makers of leather, hand tools, cotton thread, tacks, glues, wax and polish, eyelets, fabric linings, laces, wooden lasts and carton boxes, none of which was required for plastic footwear. As all the machinery and the material (PVC) for the plastic footwear had to be imported, while the leather footwear was based largely on indigenous materials and industries, the net result was a decline in both employment and real income within the country.

It is debatable how far TNCs could or would take action to ease such unemployment problems, for example, by modifying the technologies employed. However, it is clear that a prerequisite for this would be an end to global labour reduction policies which, as the following example suggests, may be pursued virtually for their own sake. Langdon (1974) cites the case of a TNC-affiliated soap manufacturer in Kenya which, despite 'marked increases in sales and capital employed' had nevertheless reduced its labour force by 19 per cent in the preceding five years. An executive in the company explained why they were so highly automated in the following terms:

Mainly because we have a long history throughout the international firm of being very, very aggressive about the numbers of people we employ ... "It's a corporate objective which we have to follow ... Labour costs including benefits are less than one per cent of variable costs. And on that basis we spend an inordinate amount of time searching around for labour reductions. But this is a thing we are expected to do. And if I don't do it in my job, then I'm not doing my job right as far as (head office) is concerned. So basically it's an object we have which is in conflict with what this country needs.

If the conflict between national and corporate priorities described here is unnecessary and avoidable — the contribution of TNCs to urban unemployment and urban-rural imbalance is anything but. It is inevitable that TNCs' marketing effort should be overwhelmingly urban-biased — both because the wealth is in the cities, and because of the problems involved with communication and distribution beyond. In India, for instance, though some 80 per cent of the people live in rural areas — the areas of greatest need — about 60 per cent of the country's purchasing power is concentrated in 140-odd key towns.

The question of marketing in rural areas is barely discussed in the business literature reviewed. Ogunniyi (1973) suggests the need for rural marketing organisations in Nigeria; and Kumar (1973) gives some evidence to suggest that the rural market in India has 'interesting prospects' for the future. By contrast, Professor Weber (1974) accepts and enthusiastically defends the status quo. He argues that 'well thought out and well designed mass marketing programs ... are ideally suited for helping to break the seemingly unending phenomenon of noneconomic participation by the masses in less developed countries.' He goes on to explain:

One of the real keys to economic development is the stimulation of the desire to become economic participants. Once alive, the desire drives people from the countryside to rural villages and to the fringes of the larger cities where the hope for a better tomorrow lingers.

This is, of course, approximately what does happen — but the main effect is simply to aggravate a particularly serious and chronic development problem. Among the worst ill-effects of the rural-to-urban income distribution that is characteristic of developing countries, Lipton (1975) has identified:

income transfer out of the poorer and, on the whole, worse-fed countryside; reduction of incentives and resources to grow more food; more waste and transportation costs in getting food to cities; and the costly, sometimes lethal paradox that during famines hungry villagers must flock to the cities, ie. away from where the problem is (and can be solved) to where the money is.

The effects of industrialisation and migration to the cities specifically on employment are both serious and cumulative. For instance, Little, Scitovsky and Scott (1970) show that the growth of urban population in all six of the developing countries they studied, consistently exceeds the growth of industrial employment. So the effect is not simply to transfer rural into urban unemployment, but to increase total unemployment as well. They stress also that the social and political consequences of urban unemployment are far greater than those of unemployment elsewhere.

The explanation these writers give for the increase in unemployment overall is that investment in productive capacity and more jobs has not been made because of the need for infrastructure investment — that is, investment in housing, transport, education, power, drainage and all the other services and utilities needed to cope with large-scale migration to the cities. At the same time, they contrast the 'poverty and social tension ... (and the) ... glaring inequalities and degrading atmosphere of shanty towns' which characterise urban unemployment — with the lesser evil of unemployment on the land:

The work on the family farm and the income it yields are shared fairly equitably among members of the extended family.... (In addition) — much rural unemployment is seasonal, which can be reduced by diversifying crops, improving agricultural methods, establishing rural and cottage industries, but not by moving people off the farm.

Reflection

At the beginning of this chapter, we asked if the costs and benefits involved in marketing might be outweighed by costs or benefits otherwise associated with the activity of TNCs — and in particular those outlined above. This is for readers to decide, partly in the light of the more detailed description of marketing activity which follows. Equally, readers should decide for themselves how far what has been described can be attributed to the activity of TNCs in particular — rather than, say, to industrialisation or other factors.

Given the enormity of the problems of the third world — and that the responsibilities of TNCs can be contemplated only if some feasible alternative is open to them — it might not be relevant at all to question the role of TNCs as fundamental. This view is held by, among others, Griffin (1974) — who rejects the idea of any piecemeal approach. He proposes instead that:

the forces tending to produce underdevelopment and perpetuate international inequality are automatic, persistent and cumulative. They do not originate from the malevolence of multinational corporations or the governments of wealthy nations.... Underdevelopment and international inequality are inevitable in a system which concentrates technical advance in a few countries and allocates resources on the basis of the profit maximising principle'.

Griffin goes on to suggest that the wealth which accumulates to rich countries through their monopoly control over advanced and rapidly-changing technologies enables them to extract 'super-normal profits and rents from the poor countries', mainly through trade — and, at the same time to deprive these countries of the financial and human resources they need 'through induced international migration'. Without either agreeing or disagreeing with this, we would suggest it as a clear alternative to the suggestion made by some business writers at the beginning of Chapter Two. They suggested marketing to be a prime engine of development; as an alternative to, and as a safeguard against, communism; and as something which 'ultimately ... served human needs'.

It is worth bearing in mind the gulf between these two views as we go on to discuss in more detail how marketing works and to what effect.

4. Marketing and Competition

Getting into the market

A number of business writers have discussed the need to adapt marketing methods in developing countries—in response to various acute problems, ranging from the lack of suitable packaging materials to war. But as Cranch (1973) has stressed, basic marketing strategy should remain unchanged:

The basic lesson to be learned in marketing in developing countries is never to relax procedures and principles used in industrialised nations. ... The classical marketing procedures must be applied if true success is to be obtained in any developing country.

Only a few years before, in describing market conditions and the state of communications in India, Boyd and Westfall (1960) had concluded that: ‘American demand creation methods cannot be directly and immediately transplanted to India’. And what was true for India was almost certainly true elsewhere. This is how these writers described the situation in India in the late 1950s—that is, at about the time the post-war “marketing revolution” in the West was getting seriously under way:

Manufacturing in India is primarily a hand process carried on in homes or small establishments. The household utensil ... (industry is) ... fairly typical of the small establishments. Of eleven utensil manufacturers selected at random ... in Punjab State, the largest had an annual volume of approximately \$50,000 (then worth about £20,000). All but three had annual sales of less than \$15,000 (£6,500). All of these manufacturers sold to wholesalers and four also sold some direct to retailers. Only two had sold to as many as fifty customers during the entire previous year. Only one had any salesmen—that one had three. All sold on credit but only two had a published price list. Two manufacturers sold branded products, but the annual advertising expenditure of the two totalled only about \$700 (£290) ...

Selling effort is very limited among Indian wholesalers. The travelling salesman scarcely exists; in the utensil survey none of the thirty wholesalers had a travelling salesman. One wholesaler received calendars from a manufacturer and sent them to retailers as a promotional device. None of the others had any promotional materials ...

It was in conditions of this kind that many Western companies set up shop in developing countries. And, as Stopford and Wells (1972) have reported, the drive from the West came predominantly from *already* highly marketing-oriented firms:

... among those (US) firms that spent 10 per cent or more of their sales on advertising—a group of sixteen highly marketing-oriented firms—only two had less than 20 per cent of their sales in foreign markets. Among the eighty-seven multinational firms for which advertising data were available, this small group of highly marketing-oriented firms accounted for half of those with over 40 per cent of their business abroad. The implication is that strategies of foreign expansion are generally implemented more aggressively by firms that concentrate on marketing than is the case for firms following other strategies of growth.

Pressing the advantage

The TNCs thereby started out with a considerable advantage over local firms—in that they had expertise in and a commitment to marketing and, above all, the funds to make their marketing work. Local firms would typically have been debarred completely from competition on these terms, if only through the lack of capital, credit or facilities for loans. For the commitment to an aggressive marketing policy—with high

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expenditure on advertising — could well have meant an initial period of trade in heavy deficit and also the possibility of no show of profit for perhaps 'five or six years'.[9]

High advertising expenditure and heavy emphasis on the sale of brands (rather than commodities) and on brand image remain characteristic of TNCs' marketing approach. For instance, in his comparative study of foreign and local firms in Malaysia, Chong (1973) has emphasised that: 'In selecting the message to advertise, foreign firms paid particular attention to brand name, brand image, and product quality and features. Since Malaysian consumers showed a preference for products with foreign or international brand names, foreign firms capitalised on the situation.' Chong specifically examined advertising expenditures. Matched pairs of firms in a variety of manufacturing industries were studied and it was found that:

Although both groups of firms used advertising and sales promotion in their promotional efforts, foreign firms were inclined to use advertising more aggressively. On the whole, foreign firms spent 6.2 per cent of sales on advertising and sales promotion, compared to 1.6 per cent of sales spent by local firms.

These figures compare closely with those reported by Langdon (1974) in his study of the Kenyan soap industry. He has reported that: 'In Kenya, as elsewhere, the pattern stresses heavy advertising to promote the differentiated brands. MNC soap subsidiaries in Kenya spend, on average, about six per cent of their annual turnover on advertising — compared with under one per cent by local firms.'

This emphasis is reflected in data on advertising expenditure. For instance, in Kenya — where investment by UK-owned companies accounts for about three-quarters of all foreign investment — the principal advertisers, ranked by expenditure in 1975, included no locally-owned firms at all:[10]

Top ten advertisers in Kenya

Company	Expenditure K£ (in thousands)
Unilever (East African Industries)	350
Cadbury Schweppes	95
Coca Cola	84
British-American Tobacco	64
Bata	52
Beechams	48
Firestone	43
Aspro-Nicholas	43
Colgate Palmolive	38
Reckitt & Colman	37

The amount spent on advertising per head of population is considerably less in Kenya than in the UK — 15p per head in Kenya against £10.71 in the UK, in 1972[11]. On the other hand the costs of advertising are lower in Kenya and it has also been suggested (Harper 1975) 'that a given advertising expenditure can have more impact in an underdeveloped country than elsewhere.'

Competitive problems

The pursuit of aggressive marketing policies does not simply imply the ability to persuade more consumers; it brings competitive problems (advantages for TNCs) as well:

Closely related to their large size is the predominantly oligopolistic character of multinational corporations. Typically, the markets in which they operate are dominated by a few sellers or buyers. Frequently they are also characterised by the importance of new technologies, or of special skills, or of product differentiation and heavy advertising, which sustains or reinforces their oligopolistic nature. (United Nations, 1973)

Harper (1975) suggests that in a developing country, the marketer 'can economically create an almost unassailable position of strength in the market place, which would be unattainable in a more sophisticated environment'. The same point is made by Stopford and Wells (1972):

Firms that emphasise marketing may be able to protect themselves by raising the price of entry to their markets. The initial expenditure required by a potential competitor to gain brand acceptance may be very high. And the absolute amount of money spent on advertising is likely to be an important barrier to entry.

This is clearly more true of developing countries than elsewhere — but not only because of the absence of local competition. In addition, there are special factors — such as small market size or political instability — which may also militate against entry into a market by more than one or two firms.

Very little specific information was obtained in this study about national efforts to control the abuse of market powers — partly, no doubt, because in many developing countries such controls are either non-existent, or seldom applied (see Chapter 7). In addition, there were difficulties with access to information. For instance, it proved impossible to get information from the Indian Monopolies and Restrictive Trade Practices Commission — not even a press release — about their recent enquiry into the activities of Hindustan Lever — and only basic

information could be obtained about the enquiries into subsidiaries of three other British firms: Reckitt & Colman, Cadbury-Schweppes and Glaxo.

The outcome of the enquiries into Glaxo (1977) and Cadbury-Fry (1972) are worth mentioning briefly — though the case against Reckitt & Colman (1976) appears insignificant. In the Glaxo case, allegations of restrictive practice related to the company's terms and conditions for stockists — in particular to requirements to purchase goods of specific invoice value determined by Glaxo; resale price maintenance; fee variations from stockist to stockist; coercion of stockists to stop dealing with certain customers, by withholding supplies; and assignment of specific territories to stockists. As a result of the Commission's order, Glaxo was obliged to allow stockists to supply goods freely to customers, and at prices below those suggested in the Company's price list.

Cadbury-Fry (India) had also allegedly imposed territorial restrictions on dealers, and had included the following two restrictions in its terms and conditions with them:

We ... expect up-to-date information on our competitors' activities.
During ... this agreement, you will not distribute any competitive brand.

The company's revision of these terms and conditions — including deletion of the above two restrictions — were accepted by the Commission, and no formal order on the Company was made.

But whatever the impact of restrictive practices of the kind alleged, the competitive problems created by control of technology are probably far more significant — as the following example might suggest.

The Chairman of Unilever Ltd. (Woodroffe, 1973) has maintained that his company 'fans the flame' of local competition 'rather than snuffs it out' — but in terms which make it pretty clear that the competition between Unilever and local business is conducted on anything like an equal basis. The process described strongly suggests the continuing transfer of obsolete technology, and a system by which Unilever leads while others (at a distance) follow. If local competition does catch on, it is at the tail end. Unilever wags that tail by possession and use of always more technical skills:

We have the advantage of international know-how, central research and good management. They have low overheads, and favourably-disposed Governments. Often we develop the market. They follow and frequently satisfy a part of the

market which is not of interest to us. In some instances, where local nationals develop the necessary skills and undercut us with lower overhead expenses or where an activity seems more appropriate for them than us, we withdraw and move into markets requiring more technical skills. In West Africa we withdrew from produce markets and indeed from a large part of wholesale distribution. We are out of the low grade soap market practically everywhere.

It should be stressed that Unilever's competitive advantage comes from a commanding skill in *selling* as well as making things. The significance of this aspect of the company's control of technology is illustrated in a point made in the evidence given by Unilever (1973) in response to a UN study of multinational corporations and world development. In the four year period 1969-1973:

Marketing Division in London has made 94 general reports available to Unilever Indonesia, covering all kinds of relevant marketing problems and developments. Since 1968 specific marketing bulletins have been issued, of which 47 covered detergents, 24 edible fats and 40 toilet preparations.

In these circumstances, what matters to a Unilever is not that it has to move out of, say, the low-grade soap market. What matters ultimately is its ability to persuade people to buy what *it* sells — and with resources such as these, it is clearly better placed than local competitors to do this.

Indeed, to judge by the frequency of references found in the business literature to the presumed superiority of foreign brands, local enterprises are put at a continuing competitive disadvantage, simply because they are local. One reason for this will already be clear: so long as foreign firms operate at the top end of the market, and local enterprises at the bottom, such reputations are bound to stick.

At the same time it is important to appreciate the influence of marketing itself as a product of the West. The advertising industry worldwide is probably more US-dominated than any other in the world. Of the world's top thirty advertising agencies (1973), 25 were either wholly or partly US-owned; two were French and three Japanese. None of the Japanese firms had significant billings abroad; while the proportion of billings abroad for the others averaged 40 per cent.[12]

The significance of this is partly explained in the words of Sauvant and Lavipour (1976) who comment:

It should be noted that advertising does more than merely sell products and form consumption patterns: it informs, educates, changes attitudes, and builds images. For purposes of illustration, we may quote the statement of a marketing

manager who answered the basic marketing question, “What do we sell?” in the following way: “Never a product, always an idea.” In other words the function of advertising agencies is to seek “to influence human behaviour in ways favourable to the interests of their clients,” to “indoctrinate” them.

In the following chapters, we describe how and for whom this is done.

5. Changing a Way of Life

Advertising — a business view

‘There must be continuous plumbing of deep-seated, even illogical, but gradually changing social habits before a marketing breakthrough in simple demonstrable terms can be achieved. Creating a new market means changing a way of life.’ (Cranch, 1973)

Advertising is one of the main tools used to achieve such change. In both its volume and insistence, and in the nature of its appeals, it frequently exemplifies the ‘continuous plumbing’ to which Cranch refers.

Baker (1965) suggests that, as development proceeds, ‘status appeals and exaggerated advertising may in varying degrees be supplanted by straightforward product differentiations and emphasis on utilitarian values.’ But, in the meantime, in Nigeria:

... local marketing programs are generally most effective when they are direct, forceful and continuous. For example, the ubiquitous slogan, “Guinness gives you power”, next to the bulging biceps of an African arm has made Guinness stout the biggest seller in Nigeria.

In **Africa: A Market Profile**, Blair (1965) gives further examples of this ‘direct, forceful and continuous’ approach. He refers to:

Advertisements (which) reach out to aspiring wage-earners and stress modernity, success, education, new styles and *elite* occupations. An advertisement showing white-frosted technicians in a laboratory reads: “People in top jobs, the people who have made a success of life, use Parker Super Quink — the wonder ink” ...

A cigarette advertisement in colour shows three smiling professionals, a doctor, a lawyer and a begowned university lecturer, and assures the reader: “Men with a quick brain in a clear head relax with Varsity, the mentholated, king-size cigarette.

Omana (1965) has discussed the theoretical basis of appeals of this kind — in an unusually candid and detailed account. His theme is ‘a close look at the African consumer’. He asks: ‘Let’s see what makes him tick,

and let's consider what we must do to win him over to our products' — and then amplifies with the following 'thumbnail sketch of our prime target':

I would describe the average African consumer as very unsophisticated and more often than not illiterate. However, he is very quality conscious — to the point of being suspicious! And more important, he is willing and very able to learn. This means he is susceptible, in fact, very receptive, to advertising.

In other words, give the African a quality product, priced within his means, advertise in a manner which will reach him, and you will develop a customer with an unprecedented degree of brand loyalty — as Nestles has been able to do with its condensed milk.

This deeply offensive account continues with a number of suggested do's and don'ts, before turning to the question of 'formulating the creative strategy'. The first theme dealt with under this heading is interesting not least because of the light it throws on the advertising of Guinness in Nigeria described above:

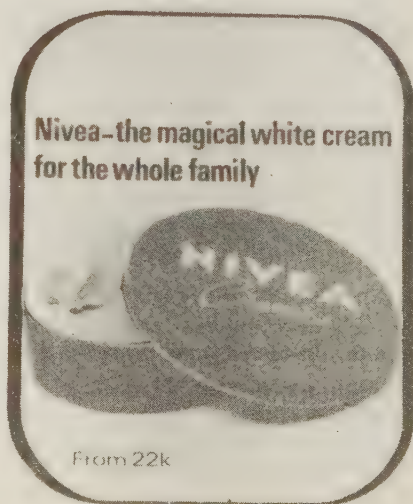
The lion, like the leopard and other similar animals, is a symbol of strength, and therefore you see its frequent use in African advertising. Why?

The African is overtly preoccupied with health, strength and vitality, which is commonly conveyed by the word "power". This emphasis on "power" can be compared to the widespread use of sex in our US advertising.

Cultural imposition

Omana goes on to suggest that, in advertising to the African, 'the "white" image is essential' — going so far as to propose that even skin whiteners and hair straighteners should also be given 'a "white" man's image'. The reason suggested for this is that 'the African is extremely conscious and aware of his having been exploited and fooled by unscrupulous advertisers. Therefore one of his reactions is to reject products which he feels have been created specially for him.'

More likely surely is that the



African — with every justification — feels exploited by white people generally, however much unscrupulous advertisers may have helped this process along. But whatever the reason, the advertising adds insult to injury. The advertisements stress the 'white image' to assure the African that he is not the victim of exploitation. But in doing so, the advertisements emphasise and perpetuate the notion of the superior 'white life-style' at the same time.

The use of English in advertising — widespread enough in Commonwealth developing countries to make possible an international study such as this — to some extent also emphasises the 'white image'. However, its significance may be mainly symbolic, since the essence of cultural imposition is probably in the message, rather than in the language used to convey it. Thus the message 'Boy meets girl ... girl uses brand X ... boy likes girl' is unmistakably 'Western' — and remains unmistakably 'Western' whatever language is used. Indeed, by translating it from the English, arguably the effect would be to disguise its alienness, and so promote its acceptance.

This should be taken into account when considering the significance of what may be some decrease in the use of English in advertising in developing countries — the result of factors which include:

- The consequences (lost sales) of making mistakes when translating advertising messages from one language and one culture to another. (There have been enough mistakes for at least one book to have been devoted to the subject. See Arpan et. al. (1974).)
- Restrictions on the use of foreign or foreign-made promotional materials by the governments of some LDCs.
- The growth of the transnational advertising industry.

These and other factors to some extent explain also why most TNCs do not advertise on a strictly international basis — though there are exceptions, notably for products for which there is actually very little to be said. Soft drinks are a case in point.

The promotion of **Seven-Up** in developing countries has been described in some detail by the Company's international advertising manager (McIntyre, 1974) as an example of a successful international advertising campaign. To be successful, the advertising had first to overcome the problem of advertising to consumers in some 76 different lands:

If corporate policy had not been to emphasise the English pronunciation, consumers would have gone round pronouncing the number "7" in whatever their own local language happened to be. Seven-Up demands that the product's name be pronounced correctly on all audio advertising; in one commercial, background voices repeated continuously the words "Seven, Seven, Seven-Up".

McIntyre goes on to describe the importance of avoiding type-casting in film commercials — because of the different racial, cultural or religious backgrounds of the viewers. He advises ‘showing only an actor’s hands’ and ‘the use of animation’ as possible ways round the problems that might otherwise arise — but he also suggests:

If, however, on-camera actors are necessary, it is best to use neutral-looking, dark-haired Europeans. Most people around the world seem to relate better to dark-haired actors than to light-haired ones. Also, since Europeans have traditionally represented the privileged class to which most people aspire, and have been looked on as consumers of quality products by people in under-developed countries, the psychological association between Caucasians and the advertised product can be a positive one.

Many companies advertising in the third world have either followed or anticipated this advice.

Media and Messages

The media available in most developing countries include virtually all of those used in the West (though they are thinner on the ground) and a variety of others adapted for local conditions. Baker (1965) for example refers to the activity of ‘multilingual sales promoters operating from vans with loudspeakers’ and also to the popularity of sponsored mobile film shows. Two business writers incidentally suggest that the distinction between advertising and promotion, and other services is sometimes entirely blurred.

Willat (1970) for instance has written about the promotion of infant formula in clinics — ‘where sales begin’ — as follows:

In less developed countries, the best form of promoting baby food formulas may well be the clinics which the company sponsors, at which nurses and doctors in its employ offer child-care guidance service. One fruitful by-product of this operation is that at christening and birthday parties Nestle products often are given as presents.

In the broadcast media, the distinction between advertising and editorial content may be lost through programme sponsorship. And according to Catorea and Hess (1966), it is commonplace for companies to pay to disguise their advertising in newspaper editorial space:

In some countries it is possible to buy editorial space for advertising and promotion. One commentator (Budd 1963) describes the situation as follows:

Whether by hook or by crook, the purpose of this advertising and promotion is to encourage need for the product and demand for the brand. In later chapters we comment in detail on a number of brand promotions, though at this stage it is worth touching generally on the question of commodities vs brands — and in particular to original work on this subject by Harper (1975).

Harper suggests that the impact of advertising — together with lack of competition — in Kenya (and very probably elsewhere) has been such that some commodities are not simply purchased as brands — but are *known* only by their brand name. Evidence is given in the results of an exercise in which a sample of 400 Kenyan and 400 English consumers were asked to identify four products, shown to them only as line drawings, but with no indication of brand. (The products were a tube of toothpaste, a cigarette, aspirin tablets and a razor blade). Overall, half of the Kenyan sample described these four items by their brand name; while only two per cent of the English sample did so. Indeed, Harper reports

(Check against this chart and see.)



7 a.m. He's up from bed
Did you have to wake him up
more than once? Was he
irritable? Yes sir. Mark
the moment of his brightness on
this night.



9 a.m. It's time for our leave for school. Is he unwilling to go? I guess he forgot his pen. I say, "Cheer up, let's go."



5 p.m. He's back from school.
Does he look enthusiastic and
the evening's day? Does he
compare their class to others?
How would you mark him
on the chart?

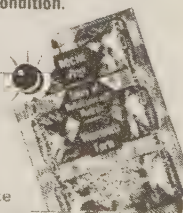


7 p.m. Y. ...
... is ...
...
...
...
...
...
...

The following points will help you evaluate and improve his condition.

1. If at any time in the day the alertness level falls below average your child is probably suffering from a vitamin deficiency. Tiredness, irritability, lack of concentration and other symptoms of vitamin deficiency, if neglected, can get worse.
2. These symptoms can be corrected now, at an early stage, with the correct balance of vitamins and minerals.
3. Doctors recommend the vitamins and minerals you get in Vitamins Forte.
4. Vitamins Forte has the 11 vitamins and 5 minerals his body needs every day.
5. Give him one Vitamins Forte every day. He'll stay alert and active all day.

ROCHE **VITAMINETS**
FORTE TRAI-MER



Alert and active all day long with just one Vitaminets Forte

that in Kenya a brand name may be used in the complete absence of any generic-name alternative at all.

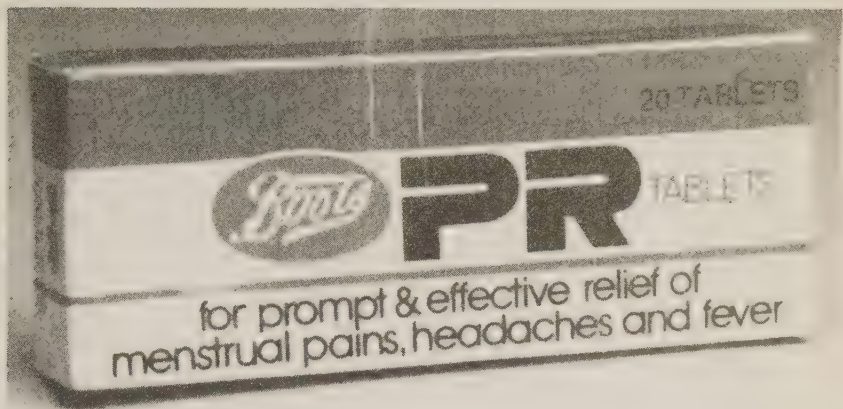
Given this, creating a need or tapping a demand for certain kinds of products may amount to exactly the same thing as creating desire for a brand — but mostly it will not. In our survey of advertising in India and Malaysia, at least three different approaches to need-creation were evident. We found:

1. Advertisements which create 'need' by suggesting new — and sometimes silly or unnecessary — uses for products. Thus Reckitt & Colman suggest 'A new shaving idea ... to keep nicks and cuts germ free'. Yes, it's 'a few golden drops of Dettol in your shaving water' — though the advertisement shows a hand pouring in several ccs. (India 1977) In Malaysia (1977) an advertisement suggesting 20 different applications for Vim (Unilever) includes the seemingly ludicrous proposal: 'Garden brick walls: Scrub with Vim to get rid of moss and slime'.
2. Advertisements which create 'need' by getting at people's more vulnerable spots. 'Your child is intelligent, but is he alert? Check against this chart and see' — asks one in a series of advertisements for Roche Vitaminets Forte (India, 1977). The listed symptoms that are associated with 'vitamin starvation' include (a) having to wake up a child more than once in the morning; (b) child unwilling to go to school or leaves pencils or books behind; (c) the child complaining about other children at school; and (d) being fidgety. With one **Vitaminets Forte** every day, 'he'll stay active and alert all day'; on the other hand, 'tiredness, irritability, lack of concentration are all symptoms of vitamin starvation which, if neglected, can get worse'.

Other lines of attack are the more familiar: 'Bear the shame of razor cuts and stubble or ... wear the silky-smoothness of Anne French Hair Remover' — for legs and arms (Geoffrey Manners & Co. Ltd. India. 1974). Keeping up the pressure, Immac (made by a UK firm, US owned) asks 'How can you feel like a woman ... if you shave like a man? You shave your legs? How ghastly, how ... manly. To feel like a woman, take it off like a lady'. (Malaysia, 1972).

3. Advertisements which create 'need' through needless product differentiation and related tactics. Thus: 'Now ... at last ... you can have prompt, effective RELIEF FROM PERIOD PAINS' with Boots **PR Tablets**. (Malaysia 1976). You could in fact have had comparable relief from any other aspirin-based preparation at the turn of the century. Then the vogue was for cure-alls; today different symptoms are differently 'packaged' though treated in effectively the same way. In another example of this, a distinction is made between headaches and: "Nagging"

headache or “depressing” headache: *Your special headache needs Powerin’* (Geoffrey Manners & Co. Ltd.; India 1977).



Sales Promotions

Beyond advertising, there are sales promotions which may be directed at consumers, or at dealers and other intermediaries. Strictly speaking, they aim to increase short-term sales—but we also consider certain other activities whose purpose is to inspire public goodwill generally.

In both India and Malaysia, consumer promotions were found to be commonplace—and in Malaysia, in particular, were often highly aggressive. The methods used included:

- **Bonuses with purchase** (i.e. reductions, discounts and ‘free’ gifts with purchase). Typical examples included a ‘gift’ of a pocket comb in a leather case (said to be worth two Rupees—13p) with a jar of **Brylcreem** (India, 1978); 5 ‘free’ balloons with a can of **Mortein** insecticide (Malaysia, 1976); and a bar of **Lux** soap banded with two bars of a Burroughs-Wellcome skin-whitening cream (Malaysia, 1976). In these cases, the offer was “free” at least to the extent that no surcharge was apparent. But in other cases—according to the Consumers Association of Penang (Malaysia)—the displayed price of product-plus-free-gift can actually be seen to be higher than the cost of the product alone.

Gifts were found to be far more widely used than straight price reductions, suggesting many consumers would not typically question just how “free” these offers were. Thus, even the **Parker** ball point pen,

offered with a **Ronson** electronic lighter, could plausibly be described as “free” (Malaysia, 1977). In Kenya (1977) an example was found of the thing taken to absurd extremes: the local subsidiary of Burroughs-Wellcome was selling its insecticide **Doom** with an offer of ‘Cash on the can’. Such trumpeting accompanied this offer as to suggest the company’s complete confidence in the inability of many consumers to distinguish between coins stuck on the can, and coins given in change.

- **Contests and competitions** (the distinction being between, for example, the “beautiful baby” contests organised to promote the sale of infant formula — and competitions, in which entrants have to answer questions and show proof of purchase.) Entries to these have been reported as coming in “literally cartloads”, with draws often televised or broadcast and reported in the press. Entry to these competitions is typically restricted only by the numbers of bottle tops or wrappers that are sent — and to this extent resemble lotteries more than anything else.

The significance of competitions in product promotions may be considerable: for example, it has been reported from the Philippines that soft drink bottling companies devote almost all of their advertising expenditure on competitions. According to the consumer journal **Ang Mamimili** (July/August, 1975): ‘These contests were getting to be so staggeringly expensive that the Department of Trade got the bottling companies to agree on a moratorium on contests to reduce... marketing expenses... thereby maintaining the retail price of soft drinks.’ However, the moratorium proved to be short-lived: ‘Could it be that when no inducements were offered, the public took the soft drinks for what they are — junk — and refrained from buying them?’ Whatever the reason, the competitions started up again: ‘No wonder the price of soft drinks keeps going up.’



HURRY! Offer open till stocks last

Offer open only in the States of West Bengal, Kerala and Tamil Nadu

• **Sampling and giveaways.** In India, for example, **Horlicks** has been sampled and sold at factory gates; and in both India and Malaysia, soft drinks, milk and other products have been sold at schools (see below). In Malaysia (1976) **Bovril** launched a new product, **Chickril**, with giveaway sample sachets, in a joint promotion with a leading womens' magazine.

If the following report, from a 1976 Indian advertisers' yearbook, is anything to go by — selective sampling in villages may be practiced more often in the future. This report hypothetically discusses the promotion of **Burnol**, a Boots antiseptic cream widely advertised for the treatment of cuts and burns: 'It will ... be helpful if specimens of packed remedies like **Burnol** are given away to one or two respectable elders in a village. Once a single man or woman has been cured, the word will get around the whole village and you have done your canvassing ...' (Jain, 1976)

• **Promotions to schoolchildren.** In both India and Malaysia, school catering arrangements are often contracted out — and the contractor may then make arrangements with salesmen to allow them to sell their products at school. For example, we were told of a case in India (1967) in which supplies of fresh lime juice — sold in the canteen for 25 paise (1½p) — ended with the arrival of **Coca Cola**. The **Coca Cola** — promoted with giveaway comics, and sold for 30 paise — reportedly caught on like wildfire.

In Malaysia, Nestle's **Milo** milk powder has reportedly been sold



It was the kind of response that would have made any contest organiser scout and sing with joy. There were literally cartloads of entries to the **Eveready Ideal Battery Contest** and by closing day time it stood mountain high. Taking

advantage of the great success, **Union Carbide Advertising and Research Manager David Lai** made an event of the selection of the winners by inviting **Mis Selangor 1977, Margaret De Souza** to pick the lucky winners. At end of day, Margaret

had helped to identify a total of 83 prize winners. Before her pretty fingers were worn to the bone, the lovely lady was allowed to rest and the rest of the 2,000 consolation prize winners were then picked by a special panel. The age of chivalry lives on

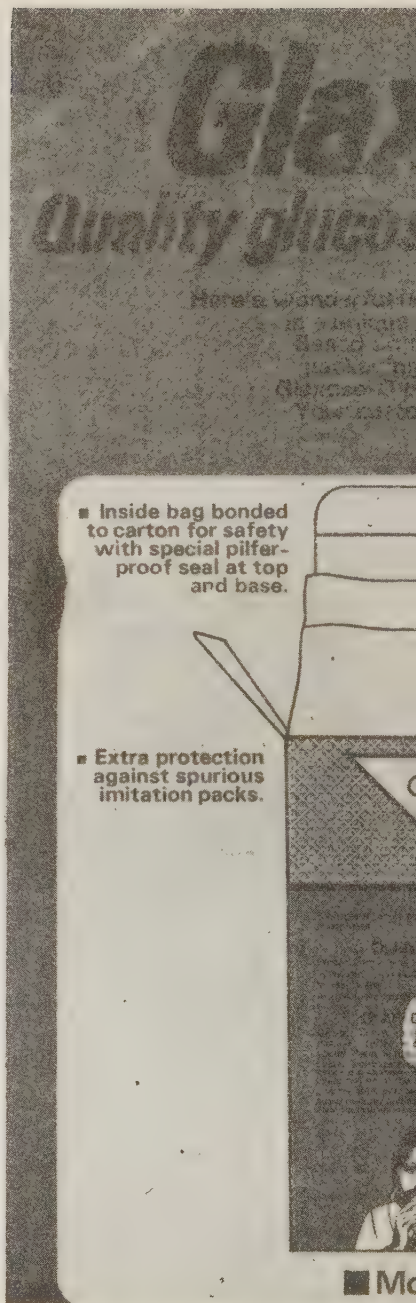
directly to school children; and promotional leaflets distributed to them too. The same is true of **Marmite**—a case discussed in greater detail in Chapter 8. In India, Glaxo has involved school children and their parents in a drive to collect packet tops from a widely promoted glucose powder, **Glaxose-D**. The co-operation of the schools is assured, because they receive one Rupee (6½p) for each packet top—but subject to the collection of a minimum of 200 tops.

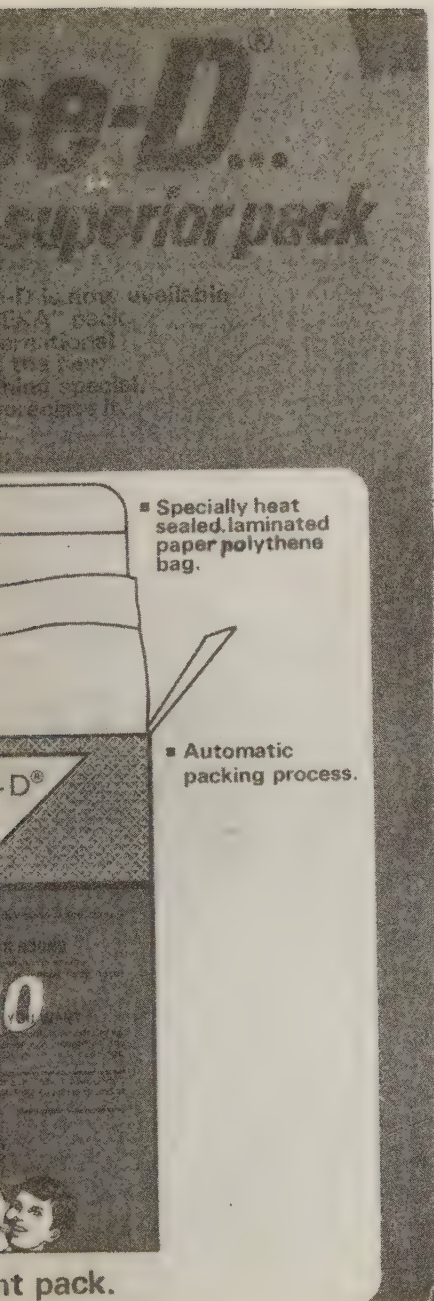
Some promotions are less direct. In India, for example, Cadbury shows films on cocoa-growing in schools; runs essay competitions and a **Bournvita** radio quiz; and also sponsors athletics events. The company not only gets access to children in this way; it also stresses the (highly questionable) association between **Bournvita** and healthy little bodies and minds. See Chapter 8.

Packaging

As a form of sales promotion, packaging is certainly worth mentioning: it plays a very important part in marketing, ensuring the integrity of the product, and giving it “brand distinctiveness” and “consumer appeal”.

The very elaborate packaging characteristic of many Western





products seen in India and Malaysia, can be partly explained by the need to protect against sometimes harsh environmental conditions. In addition, such packaging may lessen the likelihood of product imitations (which are commonplace) and safeguard against adulteration. Adulteration is widespread. Recent estimates from India, for example, suggest that over 25 per cent of all foodstuffs sold are adulterated (Jacob, 1976). This is the same as the figure mentioned in a 1957 report, cited by Boyd and Westfall (1960):

There is a flourishing market (in India) for empty containers for cosmetics, toilet goods and medicines. Unless the labels are destroyed when the contents are used, the jars, bottles and cans will be refilled with sub-standard products and sold as the original. In 1957, health authorities in Delhi estimated that 25 per cent of all the food bought in that city was adulterated. Sawdust, husks, coloured earth and ground seeds were found in various foodstuffs, accounting for 10-50 per cent of the total weight of the products.

But for all this, the style of the packaging most often used seemed to be influenced by marketing and display factors more than anything else. Langdon, (1974) has characterised the situation in his study of the Kenyan soap industry, comparing the performance of several local

firms with that of two British-controlled and one US-controlled TNCs. His central point in the following excerpt is that fancy packaging requires mechanisation — and that this, in turn, means more expensive products and fewer jobs:

(The TNCs') emphasis on marketing is important in shaping production techniques. Sophisticated, smart-looking packaging is a major part of this aggressive approach, and such packaging usually requires mechanisation. Thus the small cachet-style packages used for mass sale of tiny quantities of detergent in rural Kenya could not be filled and closed effectively by hand. Subsidiaries (of the TNCs) also say that hand-wrapping of soap results in an inferior appearance for the tablets. It is true that scale of production is another consideration in the choice of packaging technique ... but concern with brand names and product differentiation seem a more important factor. Two firms surveyed, for instance, produce about the same amount of toilet soap — but the local firm uses very labour-intensive packaging techniques, while the (TNC) firm's system is highly automated.

In both India and Malaysia, there was plentiful evidence of what would be considered (sometimes gross) overpackaging, even by UK norms. For instance, in India, many Western prescription drugs are sold in heavy foil blister packs, usually containing no more than 10 or 12 tablets each. These have two obvious functional disadvantages: first, it makes the instructions difficult or impossible to read. And, secondly, when treatment involves taking several tablets a day for several days, users have to pay for several packs. Probably the real significance of the packaging style is as a 'hallmark' of Western goods — in this case, in a country in which 'medical practitioners and consumers have a rigid faith in the quality of the high-priced drugs from foreign companies'. (Agarwal, 1972).

Another 'standard' form of packaging for drugs — and for over-the-counter drugs and vitamins in particular — is a labelled glass jar, packed inside a cardboard container along with a 'package-insert' — a leaflet which explains (perhaps in several languages) what a product is for and how it should be used. There is some justification for such packaging with drugs — but (especially in Malaysia) it was found to be used also for many food and other products. Its purpose, no doubt, is to suggest by association the health-giving qualities of the products concerned — **Marmite**, **Bovril** and **Vick's Vapour Rub**, for example. The use of such packaging for these products is expensive and absurd.

Such packaging will account for a significant part of the cost of the product. While for a product like Reckitt & Colman's **Disprin** — sold in India in foil packs of four, each one enclosed in a paper envelope — the cost of the packaging is probably far higher than the cost of ingredients.

(Data from the UK Price Commission (1976) for a range of eight commonly-bought packaged foods gives the following breakdown of averaged direct costs: ingredients, 56 per cent; packaging, 33 per cent; and labour, 11 per cent).

The use of expensive and durable packaging may, on the other hand, be entirely deliberate — and intended to suit all parties concerned. Thus Chisnall (1977) echoes Walter (1974) in writing:

Small details can affect sales: in many developing countries the best packaging is the kind that can be re-used as a household container. Added value, not throwaway is what people in these countries prefer.

Some idea of the significance of this is given in the following account from Boyd and Westfall (1960). They used this example to emphasise how low wholesalers' mark-ups were in India — but in doing so, they make an important point about the secondary value of packaging, and indeed about the use of resources generally;

One bicycle wholesaler buys cases of six bicycles at \$140 per case and sells them at \$23.25 each for a total of \$139.50. The only profit is made by selling the crate to a furniture company for \$1.40.



Marmite packaging — including free offer of a plastic cup for infant feeding.

The irony of all this is that the packaging used by British and other firms has helped significantly to put their products far beyond the reach of the average consumer. In his review of "Industry's Struggle with World Malnutrition", Berg (1972) gives some idea of the even wider distance between product and low-income consumer — in the following remarks, which relate to the prospects for marketing low-cost nutritious foods:

Packaging becomes a problem, especially in poor societies where only small quantities of a product can be designed for sale. In some cases packaging costs constituted more than one-half the total cost of a proposed product. One British executive, managing a Bombay-based branch, reported: "For our range of food products, the expense of packaging alone adds, on an average, between three and five rupees a kilogram (9p-15p per lb) to their cost. Thus, if we could obtain the ingredients for nothing, market and distribute them for nothing, and make no profit they would still be too expensive for the multitude who need them most".

For a well-presented package, these figures compare reasonably closely with others we have seen[14] but they are far higher than other estimates at the low end of the scale. Thus, the British businessman quoted above by Berg put packaging costs at between 9p-15p per lb weight of product — the equivalent of between £200 and £336 per ton. By contrast, Galliver (1969) has reported:

The packaging of certain types of protein products was considered at an FAO/UNICEF conference ... in 1964 and they concluded that for consumer-sized containers the packaging cost would be of the order of £7 per ton of product.

Though the discrepancy between these two estimates seems inordinate, these examples may give some idea of the cost of cheap functional packaging, on the one hand — and something more "marketable" on the other.

6. The Low-income Consumer

'Target' and other consumers

As they were described earlier in this report, by Drucker and other business theorists, the benefits — or possible benefits — of marketing for development have great and obvious attractions. Specifically, it was suggested that marketing made the difference between democracy and totalitarianism, and between economic stagnation and growth; and particular stress was placed on the point that 'marketing... serve(s) human needs'.

It is not difficult to prefer democracy to totalitarianism; nor to want freedom rather than dependence or oppression. Moreover, to have the opportunity to use creative and concerted energies to achieve or advance these ends — and to satisfy human needs — is about as much as anyone could hope for. On the other hand, simply wanting or hoping for these things does not mean that marketing can or will provide them.

On the evidence reviewed so far, it certainly seems as if the contribution of marketing to economic and political development generally is limited. But it remains to test Drucker's and others' basic assumptions about the relationship between marketing and human need — by judging the direct effect of marketing on ordinary people's everyday lives.

Who is affected by marketing? Who are the consumers in developing countries that marketing tries to reach — and how are 'non-target' consumers affected? What kinds of products are sold, and what is the relevance of those products to basic development needs? Not surprisingly, the consumers that marketing people want to reach are for the most part a very small minority — the only ones who can afford to buy, and go on buying, their products. Thus, while India ranks as one of the very poorest nations in the world it is, in marketing terms, a country with considerable and potential wealth. As Professors Lipson and Lamont (1969) have observed:

The knowledge that 5 per cent of India's 520 million population, or 26 million people, have incomes that give them the buying power of the average American



IF HE CAN AFFORD A RADIO, HE CAN AFFORD YOUR PRODUCT.

Radio Bantu puts your message where the money is. Recent statistics show that 52% of all Bantu homes possess a radio. And it is these self-same homes that make up the financial elite of Bantu society.

These are the people with money to spend. Money to spend on products like yours.

Then there's the problem of comprehension. Just how well does the Bantu understand your advertising message? Research and experience show that he understands your message best if he hears it. Especially if he hears it in his own language.

Radio Bantu lets you talk to him in his own language. Because Radio Bantu broadcasts in 7 different tongues. 7 different tongues that allow you to reach 7 different target markets.

Put your message where the money is. Advertise on Radio Bantu. It not only talks. It talks to the right people. In the right language.

RADIO BANTU
IT TALKS

should suggest to marketers that it is imperative for them to get in early in India's industrialisation and market development. Such a market size in fact represents an affluent market that is just a little larger than the Canadian market.

The point is taken by Drucker (1958) in his discussion of investment in Latin America by Sears — a major US chain of general stores. Drucker describes this case at some length as an example of the 'truly amazing' contribution that marketing may make in development. At the same time, he acknowledges that Sears operates only in relatively advanced developing countries; and that it caters then only to the wealthier minority:

These countries' average income, although very low by our (US) standards, is at least two times, perhaps as much as four or five times, that of the truly "under-developed" countries in which the bulk of mankind still live...

It is also true that Sears in these countries is not a "low price" merchandiser. It caters to the middle class in the richer of the countries, and to the upper class in the poorer of these countries.

Products, satisfactions and development needs

At the same time, several business writers do refer to purchasing by low-income consumers. Some have remarked on the seeming incongruity of very poor people owning expensive consumer goods — but overwhelmingly they suggest that the psychological value of such purchases for the individual far outweighs the individual or social cost..

For instance, Baker (1965) writes that while the Nigerian 'may live in a simple mud hut, he may at the same time own and be proud of a fine imported radio.' Drucker (cited in Barnet and Müller, 1974) reports that 'The factory girl or salesgirl in Lima or Bombay (or the Harlem ghetto) wants a lipstick ... There is no purchase that gives her as much true value for a few cents.' Similarly, Walter (1974) argues that 'in developing countries ... the poorer the economic outlook, the more important the small luxury of a flavoured soft drink or smoke, a bright colour, or a perfumed soap or detergent.... To the dismay of many would-be-benefactors, the poorer the malnourished are, the more likely they are to spend a disproportionate amount of whatever they have on some luxury rather than on what they need.'

While others write in the same general vein, there is a minority, giving at least cautious dissent. For instance, Harper (1975) has suggested: '...it is surely justifiable at least to question the origins of a situation

where families are poorly nourished and inadequately fed, while they are at the same time spending money on cigarettes, bottled soft drinks or confectionery.' He goes on to suggest first, that the problem is considerable and widespread and; secondly, that its origins can be traced largely to pressure from marketing:

There are numerous examples in Kenya and other similar countries of products which have a disproportionately large market in relation to the needs and spending power of the people, while other products or services are relatively neglected by consumers ...

There is no necessary reason why the products of such large-scale industry should be of dubious social benefit; the problem is that large-scale industry tends to have a monopoly of the most effective methods of promotion and distribution, and its products may or may not be beneficial to consumers whose spending pattern can so economically be manipulated.

Statistical evidence on low-income consumer purchasing is hard to come by — though Harper (1975) does refer to Kenyan data which may well be typical of the situation elsewhere:

African middle income earners spent 0.39 per cent of their income on bottled Cola drinks in 1961, and this figure had increased to 0.6 per cent by 1971. Similarly, the proportion of lower incomes spent on aspirins doubled between 1960 and 1971.

However, in the absence of further hard data, the effects of advertising on low-income consumers' purchasing has to be judged mainly by field reports of the following kind:

It is not uncommon in Mexico, doctors who work in rural villages report, for a family to sell the few eggs and chickens it raises to buy Coke for the father while the children waste away for lack of protein ... (George, 1976)

It is harsh, but correct, to consider some of these children as suffering from 'commerciogenic malnutrition' — that is caused by the thoughtless promotion of these milks and infant foods (Jelliffe, 1971).

J.K. Roy's studies in West Bengal show that poor families under the influence of advertising are buying patent baby foods "at exorbitant rates" although they could buy local cow's milk at much lower cost. They had been persuaded (falsely) that the packaged food had extraordinary food value (Barnet and Müller, 1974).

Several reports of this kind were received from the volunteers who contributed to this study:

People chase images of success even more than in Britain. It must be an ad man's dream ... Incongruities abound: babies' bottles without any information as to sterilisation ... babies of a few months old sucking on *Fanta* orange. (Volunteer in Nigeria).

I was shocked to see such things as mothers forcing 18-month old babies to drink *Coca Cola* (Volunteer in Zambia).

(There is) a disgusting misrepresentation on the ice-lolly wrapper (sorry it's mucky) which claims to be "Namba Wan Kai Kai" which is pidgeon for "very good food" (literally, "number one food"). When I asked my class what they thought of this, one-third believed that the lollies were nutritious because it says so on the packets; the majority held no opinion; and only one was aware that lollies have virtually no food value. It is sickening to see children covered with sores and with distended stomachs due to malnutrition sucking away at these things, probably thinking it is the equivalent of 12p well spent. (Volunteer in Papua New Guinea).

Fortified foods

At this point, it may be worth digressing slightly to refer to the one area in which international business has specifically acted in the name of very poor consumers — namely by producing highly-nutritious foods and/or fortifying existing ones.

Of the main projects of this kind, most have failed — according to the United Nations (1968) because the potential contribution of marketing was never realised:

The greatest obstacle to the commercial use of new protein foods ... is not so much their production in a safe, nutritious, palatable and sufficiently inexpensive form, but the requirements for effective marketing and promotion. Excellent products have remained laboratory curiosities because they were not presented to the public in a culturally acceptable manner or were not properly distributed in association with a well-designed educational and promotional campaign.

In his review of 14 different commercial protein food products — only three of which were known or presumed to have survived — Galliver (1969) certainly gives some evidence of outright market failures, in support of the UN view. [15] But, more than this, his data suggest that the problem is really to do with marketing reasonable products at prices that people can afford.

The question of price and profitability is central also in the review of 69 protein-rich food projects made by Orr (1972). She concluded that, although 'many individuals' would have benefitted from the introduction of such products, their overall impact on the protein problem would have been 'very small' — even if all available capacity was fully used (which it wasn't) and even if all the output reached the consumers in greatest need. In fact, Orr suggests:

...that the lowest income groups, for whom these products are primarily intended, are not likely to be the principal beneficiaries unless through institutional distribution, and that the products have not on the whole penetrated to the rural areas to any extent.

Among the ventures reviewed were three involving British-controlled firms: Glaxo, Unigate and United Biscuit. Glaxo's **Amama** — one of the earliest protein food products — was sold in Nigeria between 1959 and 1961, when production ceased following the discovery of contamination by aflatoxin (a cancer-causing agent produced by some naturally-occurring fungi). However, the product was not in any case thought likely to have survived: the promotion may have 'lessened the appeal of the product'; and the price 'inhibited sales' which were described as 'not encouraging'.

The production of **Arlac** began in 1963, as a joint venture between Unigate and the provincial government of Northern Nigeria. Orr reports: 'The discovery of aflatoxin was a delaying factor, but eventually plans were made to market a retail pack ... It is believed that some retail sales were made in one area ... but the retail trade never really got off the ground. It has been said that the promotional campaign was very badly organised and that in general the company did not make any really effective effort to establish a retail trade because it considered the chances of success very slim'. Production of **Arlac** was run down following withdrawal of (UNICEF-backed) government support in 1968, and ceased shortly after.

Finally, Britannia Biscuit Company — an important subsidiary of United Biscuit, and the market leader in biscuits in India — introduced **Nutro** biscuits, in the late 1950s, for the Meals for Millions Foundation. The Foundation is described by Orr as the only significant outlet for the product: 'The company has not attempted ... to develop a retail trade, because of doubts about the product's acceptability.' More recently, Britannia developed two improved products, **Provite** and **Nutrivite**. **Provite** is intended for use in institutional feeding programmes, 'but it is hoped also to develop a retail trade'. **Nutrovite**, by contrast, was designed for the retail trade, but it 'is evidently aimed at a higher income group'.

Orr concludes that the central problem, and a major disincentive for the companies concerned, was simply that: 'low-cost products are unlikely to be high profit earners'. She emphasises this point, quoting from an internal USAID paper which concluded: 'it is quite apparent that the needs of the LDCs (less developed countries) for low-cost highly nutritious foods will not be satisfied by foreign investors who can realise higher returns in their own well-developed markets and who have placed LDCs on a low priority basis'.

Essentially the same conclusion has been reached by Berg (1973): the transnational food corporations would have *liked* to have helped — but can't:

Nutrition authorities have devoted substantial time and program energies to involving private industry in producing new foods. Although food companies have in many cases responded enthusiastically, there is little to show in the way of nutritional improvement ... Problems are many, but the major impediment is the inability to reconcile the demand for corporate profit with a product low enough in cost to reach the needy in large numbers.

Kingsize life

Apart from this one, token contribution by TNCs to low-income consumers, and apart from the token products that the individual poor may occasionally buy, how do poor people react to advertising and marketing when they cannot possibly afford to live the promised life? How do people living in the unimaginably wretched conditions of, say, Bombay react to the (cigarette) hoardings which everywhere urge them to "Live Life Kingsize"?

A former chairman of IBM[16] warned that if 'we flaunt our wealth in these people's faces, we shall drive them either to despair or frenzy or revolution like none the world has ever seen'. However, having reviewed what they describe as the meagre evidence on this subject, Barnet and Müller (1974) have (somewhat regretfully) concluded otherwise.

The evidence they give does basically support the view that low-income consumers get considerable psychological satisfaction, even from the purchase or possession of the most (functionally) useless of products. One example they give is of the families who live in dirt-floor hovels who buy Johnson's Floor Wax. Another example, symbolising the pervasiveness of the message, and the futility of the response, is given in an aside about the very poorest of Peruvian peasants. Barnet and Müller have reported that those who cannot afford to buy a transistor radio carry with them a stone painted to look like the real thing.

The fact that poor consumers (among others) sometimes prefer and obtain such satisfactions is not in question. Nor would it be reasonable to dispute that the perhaps considerable satisfactions that they do get are far better than none. On the other hand, should one *not* question this state of affairs because — as some more ardent defenders of the marketing faith would inevitably point out — this would involve "telling people what's good for them"; "dictating what people may buy, and denying their freedom to choose" or "depriving them of what little joy they have"?

Some of the questions that might be raised are as follows:

- Should business interests (especially those purporting to represent our values and our society) be allowed and encouraged to spend large sums of money telling very poor people to buy products which may, by default or otherwise, do them incalculable harm?
- Is the psychological satisfaction *all* that might be given — or does it in fact substitute for the provisions that otherwise might be made, in response to basic and urgent need? And, if provided, might these not give greater satisfaction still?
- It is certainly true that some poor people prefer to buy **Coke** and all it stands for — instead of what they need simply in order to survive. But is this not evidence both of the depths and desperation of their poverty, rather than anything else?
- Isn't a consequence and a part of that poverty a lack of hope, vision and understanding of alternatives — which would be far better for them than the trinkets that marketing can provide?
- If we wouldn't accept for ourselves or our families a life on anything like such terms, why should we expect anyone else to? And who is to blame them, if ever they decide they won't?

What seems to be lacking is not so much the answers to these questions, as the raising of the questions themselves.

Admittedly, questions are often asked about individual products, or classes of products — especially when they involve the use of an imported technology over a good local alternative; or an expensive technology which uses resources that might otherwise be better employed. But these questions are not effectively answered — one reason why they recur.

Speight (1975) for example has pointed out that the use of expensive brand-name drugs in Tanzania (as elsewhere) effectively deprives large numbers of people from receiving any drugs at all. For instance, the cost of a typical one-week course of Ampicillin for one person is equivalent to the total national *annual* drug allocation for about 50 Tanzanians. This is why Speight, and Yudkin (1977) and others have reasoned that the use of good near-equivalents (other than in situations where the patient's life is at stake) would optimise the use of that country's very scarce drug resources.

Similarly, the intensive promotion of infant formula has been fundamentally questioned not only on health grounds, but because of the national economic "value" of the greatly superior alternative. In India, for example, if infant formula were to be used exclusively instead of breast milk, it has been estimated it would cost around four times what is now spent on the country's whole health budget.

Another view

It would nevertheless be wrong to suggest that the only real effect of advertising in developing countries was to tranquillise — or indeed to promote the sale of wholly unwelcome products. Another important effect has certainly been to stimulate dissatisfaction, one of the main driving forces of consumption in the West.

One contributor to this study — someone working with a major international agency and based in SE Asia — wrote at length on this, in a report which dealt with the question of corruption generally. Much of what was written is relevant to this report, if not to this particular part of it, and we are therefore quoting from it at length. We cannot corroborate this report — not least because this subject is seldom openly discussed. But when someone with the experience of our correspondent does comment, we think it well worth heeding:[17]

Comments on the activities of foreign companies — particularly British — must be viewed against the conditions applying in the developing countries themselves. Here, as elsewhere, corruption is all-pervasive; it has extended from leading politicians to local district officers and is almost complete within the police force. Many of these countries have excellent laws — but they are almost totally ignored.

The corruption involves land acquisition, trading generally, conditions of employment, police activity, local officials and every section of life in the country ... It usually applies in the cities but fine and honest people are still to be found in the provinces. Nevertheless, even here it is impossible to escape the corruption ...

It is against this background that foreign companies must attempt to trade. Every company to my knowledge corrupts Government and other purchasing officials and resorts to every trick known to man to get the contract. They have to — or leave the country. Such competition is vicious among pharmaceutical companies and it is clear that medical officers in state hospitals make large sums of money. Occasionally, police and officials are caught and are “transferred” to other posts where, presumably, they start all over again.

I have stated this because I believe it is relevant to the way foreign companies behave and deteriorate in ethical approach. Whether manufacturing or importing their products they employ local staff. The directors from abroad, while not particularly notable for their contribution to progress in the developing countries do have certain standards of conduct below which they think it advisable not to go (whether for moral or business reasons, it does not matter). Within a very short time, however, they learn that they are living in a jungle of intrigue and corruption and are in fact surrounded by nationals for whom this is a way of life. They succumb very rapidly, especially when head office is pushing for results.

All the executives of foreign companies I know deny that they corrupt officials, except two who are personal friends and will admit it. The system which allows them to do this is that they pay abnormally large commissions to their

salesmen, knowing very well what function is served by a percentage of that commission.

All this could appropriately be put under the heading of “dog eat dog” were it not for the fact that it undoubtedly affects the rate of development in the country. Hospitals, universities and teaching colleges are chronically short of the most rudimentary equipment. One of the leading Government-sponsored centres, responsible for developing local potential cannot even calibrate its instruments ...

The general manager of a British company manufacturing pharmaceuticals in this country told me his greatest difficulty was in maintaining quality — which implies there must be sub-standard batches going through to the public at varying times. In this field, and in food, the Department of Health has adequate regulations for preventing this — but rarely takes action. As one inspector of that Department told me: “I have a wife and two children and I earn (sum specified) a month. And for that am I going to be killed?” He was not exaggerating.

I have reserved for last the activities of the advertising world in this country. It is significant that many of the West’s well-known advertising agencies are well-established here ...

Unfettered by codes of practice or any prohibitive laws they have applied the full measure of corruptive advertising to a country’s people not adequately educated to resist such claims. It is my opinion, and that of many intelligent and well-educated local people, that they contribute in large measure to the large crime-wave and greed of the entrepreneurs. It is a phenomenon of the last decade and it has induced a sense of failure among people who will not be able to shake off their poverty for generations to come. As a result, every young man can only become manly if he rides a powerful motor-bicycle or even a small but fast Japanese car; he can only become attractive to women if he wears an Arrow shirt; girls will only marry if they use Lux toilet soap and, if they are already married, their human milk is never quite enough for feeding their babies — it must be supplemented by Libby’s and all the other powdered baby milks.

This undoubtedly affects everyone in the country since every small village has its television set and the villagers sit around it all night ...

Farmers and their sons swarm into the capital because of the low standard of life in the country. In the majority of cases there is no hope of employment. The older men usually go home and resume their rather desperate life only to be reminded every night by television advertising what failures they are because they cannot enjoy the “necessities” which other people enjoy. The young may be lucky and get a job — or turn to crime and heroin in order to get these things and become a man or potentially marriageable woman.

One of the obstacles to raising employment in this country is that local people all believe that foreign goods or home-produced goods with a foreign brand name are better than local ones, and they will go to great lengths to obtain them — often criminal lengths.

The immorality of the advertising agencies lies not only in their subversive copy and visual treatments but that they are here at all. The bulk of the population is quite unable to bring rational judgement to the skilled and professional blandishments of the advertising agencies.

A significant corollary of this is the matter of oriental “face”. In its extreme, a man recently went to the finance company which had repossessed his

car for the non-payment of hire purchase and shot dead the manager, threw a grenade among the other staff and then shot himself through the head. The loss of his car — which he had no chance of paying for when he first bought it — was so unbearable in terms of “face” among his friends that he went berserk. More commonly, crime is the only way to bridge the gap between income and the demands of the hire-purchase companies ...

To conclude, I have no evidence that British companies are any worse than foreign companies — or any better. What is apparent is that they have to adopt the unpleasant ways of the country in order to survive. They corrupt government and other purchasing officials, employ unsavoury tricks and even blackmail to capture the market ... They are reluctant to join in the country's efforts to raise acceptance of higher quality levels; produce goods which are of lower quality than those from their home base; dump sub-standard products in developing countries and pour large sums into advertising for a captive — and largely undiscerning — audience ...

As a prelude to the chapter on controls and standards, which follows, such an account gives much food for thought.

7. Controls and Standards

Absence of ...

It is significant that only two references were found in the business literature reviewed to the question of controls over advertising and other promotions. Both concerned India, but the situation is probably much the same elsewhere.

In his survey of marketing adaptations of US business in India, Kacker (1974) reported that: 'Not a single American firm in this survey mentioned that it experienced any government restrictions or regulation in the field of promotion.' While in the Indian (1977) **Press and Advertisers' Yearbook**, what little there was about control seemed to be mainly in the context of what the advertising industry itself found acceptable:

There were very few cases of objectionable advertising. One heard that ads on "bust developers" had been stopped by the FDA. These ads had caused some resentment in the advertising community as they were regarded as a weapon in the armoury of the anti-advertising crusaders, and their disappearance from the scene was not greatly missed.

Not surprisingly, developing countries have typically neither the resources nor experience to design and administer standards of the kind that are taken for granted in the West. Nor, given the other problems they face, could they be expected to want to. Reports from Gaedeke and Udo-Aka (1974) suggest that perhaps six out of ten developing countries have no specific consumer protection laws at all—for reasons these authors suggest were 'aptly summarised in the words of several diplomats in response to our enquiry.' One stated:

"Your questions with regard to quality, safety, product warranties etc., seem to be unrelated to the realities of (the) present day... The questions will undoubtedly assume importance as the country progresses toward a modern monetary economy, when consumer tastes and the need (for) greater protection will be vital elements of the overall economic policy."

Another wrote:

"The Government is still in an early stage of development and is devoting its energies and concern to more important domestic problems. We do not have technical and administrative capabilities to handle such a difficult, though important, task as consumer protection."

There is not only this absence of national standards and controls. There is also uncertainty about the form that standards might take, and who should enforce them. This is underlined in the responses received by Gaedeke and Udo-Aka from 58 countries — whose representatives were asked 'who should set quality and safety standards for products sold internationally?' Disagreement was complete: forty-five per cent said the responsibility should lie with the importing country; thirty per cent said with the exporting country; and the remaining twenty-five per cent opted for control by an independent international body.

International controls

There is no formal regulation of the quality or safety of exports from Britain; nor for the most part are there international controls. The UN Centre on Transnational Corporations has a code in the making, and there is also the code of the International

Why suffer the miseries of a cold?
At the first sign of a cold, take Coldarin.
The one tablet specially formulated to treat sneezing...runny nose...heavy head.



Coldarin brings prompt relief to all affected areas because it contains

- A decongestant to clear runny nose and sinus
- Aspirin to relieve pain
- Caffeine to combat the depressed feeling
- Vitamin C to build resistance

COLDARIN
 With Vitamin C

Chamber of Commerce (1975) — and in discussing these we shall look specifically at some of the problems involved in both design and enforcement of international standards.

The UN Centre on Transnational Corporations has issued several interim statements discussing its approach to a code of conduct for TNCs. In its report, **Issues involved in the formulation of a code of conduct** (1976), in the part dealing with consumer protection, the main issues are referred to as: 'the appropriateness, quality and safety of products and their price, as well as information concerning the characteristics and attributes of particular goods.' More specifically:

The appropriateness of goods relates to advertising in so far as it touches upon the question of transferring the consumption patterns of advanced countries to poor countries, specifically through advertising, by introducing needs which may not be basic ...

Product information involves adequate labelling so that consumers are acquainted with the correct attributes of the product, as well as the issue of advertising.

Clearly, there are formidable problems to be overcome, simply in defining what exactly is to be controlled. How, for example, does one define or decide on 'the appropriateness of goods' or 'needs which may not be basic'? Here are just a few examples — all from a single issue of an Indian magazine (**Stardust**, September 1977) — of what might for different reasons be 'inappropriate' advertisements:

1. *Example* Bracing ... exhilarating ... blood-racing *Old Spice* cosmetics for men.
 Comment Profoundly inessential product.
2. *Example* Pure, mild *Lux* — a beauty soap of the film stars.
 Comment Inappropriate point of appeal.
3. *Example* *Horlicks* ... The nourishment that builds resistance, safeguards health, day after day.
 Comment *Horlicks* is nourishing, like many other cheaper foods. It would build up resistance or safeguard health only of the malnourished — the vast majority of whom could never afford to buy it.
4. *Example* 'Pure *Silvikrin* checks falling hair, actually strengthens hair from the very roots'.
 Comment Misleading or false claims for products.
5. *Example* 'Take *Vinkola-12* every day. *Vinkola-12* doubles the energy output in every body.' (*Vinkola-12* is an iron tonic manufactured by Standard Pharmaceuticals).
 Comment Encouraging unnecessary habits on the strength of exaggerated claims.
6. *Example* Boots aspirin-based *Coldarin* cold-relief tablets are 'special' in

particular because they contain Vitamin C 'to build resistance' against colds.

Comment Needless, possibly harmful product differentiation. Probably the Vitamin C does nothing; but possibly it would encourage excessive and harmful prophylactic use.

7. *Example* 'Ordinary powders can leave behind a powdery residue. *Vim* leaves nothing but the sparkle.'

Comment Promoting a brand image using undue emphasis on a product's virtues.

8. *Example* 'Live Life Kingsize: *Four Square Kings* The one with length and strength.'

Comment Promoting dangerous habits.

Then take the question of product information, adequate labelling and other measures to ensure 'consumers are acquainted with the correct attributes of the product'. What is the real significance of the text or small print in advertisements, on labels, or elsewhere—in countries where most consumers are illiterate? And whose responsibility is it that consumers understand—when, for example, it is known that the small print may in any case be overshadowed by the headlines? As one advertising man put it, in an article (**Media**: January 1976, p. 26) **Ogilvy Tips: Creating Ads that Sell:**

On the average, five times as many people read the headline as read the body copy (in advertisements). It follows that, if you don't sell the product in your headline, you have wasted 80 per cent of your money. That is why most Ogilvy and Mather headlines include the brand name and the promise.

Evidence of this kind casts serious doubt on the value of often essential or vital product information—however precise or honest it may be. For instance, one might speculate that the small print messages—'Breast feeding is best for your baby'—now appearing on some tins of infant formula, may make no appreciable difference to consumption patterns of this product at all.

Voluntary controls

Similar problems could be expected to arise with the provisions of the international codes of practice published by the International Chamber of Commerce—codes on which the British and several other voluntary control systems are based. For instance, the ICC Code provides:

All advertising should be legal, decent, honest and truthful.

Every advertisement should be prepared with a due sense of social responsibility...

Advertisements should be so framed as not to abuse the trust of the consumer or exploit his lack of experience or knowledge.

It seems very doubtful whether one and the same code should be applied in both developed and developing countries—or could be effectively used with clauses so broad in their meaning and scope. How well it worked in practice would depend less on the design of the code, and far more on its interpretation and enforcement. However, for the most part, the ICC Code is not applied in developing countries—other than as the basis of codes or guidelines issued by individual companies to their overseas staff.



Appearances deceive: The 1971 advertisement for a Dutch brand, Frisolac, is remarkable for acknowledging 'Mother's milk is best' in the headline. More typical is the 1977 advertisement for Mamex (a US brand). You have to scrutinise the small print to learn that 'Mother's best gift to her baby . . .' comes from the breast not the can.

Cadbury-Schweppes is one such company—but we are unable to report even on the content of its Code of Communication Practice: all three attempts to obtain it failed. (An agent of the Company in India claimed to keep the Code in his safe, and said it would be more than his job was worth to produce it. A senior executive of the Company elsewhere in India did produce it—but suggested that, rather than take his copy, we got our own from Cadbury-Schweppes in Bourneville. They were asked for the Code but omitted to send it.)

As a more general point, attempts could certainly be made to enforce the ICC Codes through the international (i.e. US) advertising industry. The fact it is not is certainly significant; on the other hand the value of the Code, if it were so enforced, might well be very limited indeed. The reasons for this are fundamental to the voluntary



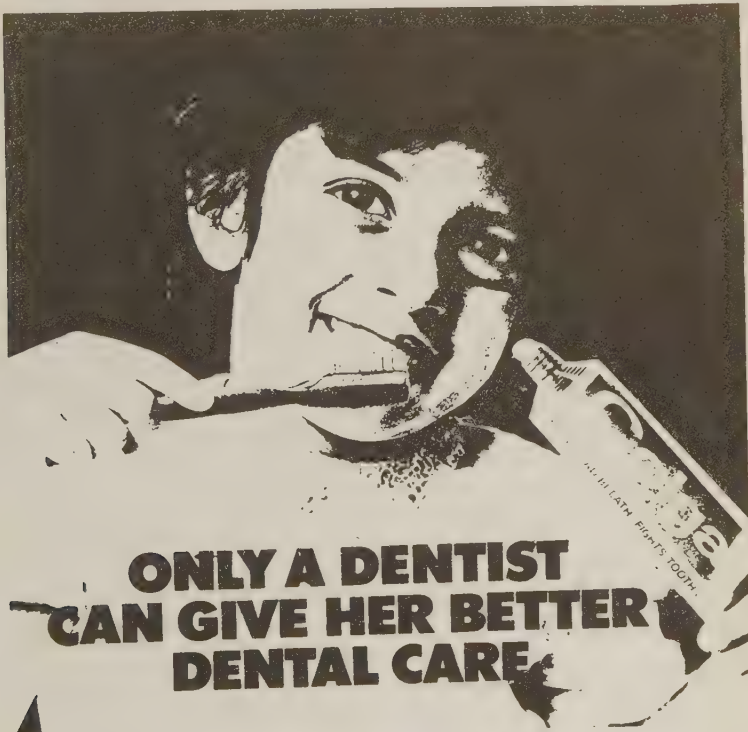
**ONLY A DENTIST
CAN GIVE HER A BETTER
FLUORIDE TREATMENT**



 USE TOOTH PASTE WITH FLUORIDE TO PREVENT TOOTH DECAY

or self-regulatory approach; and also to the nature of the problems which have to be controlled.

As Vernon (1972) has argued: 'There is nothing wrong with an approach of this sort. But it is trivial by comparison with the malaise with which it deals.' And even Humble (1975) seems to subscribe to the view of self-regulation expressed by Geoffrey Chandler (then a director of Shell International; now the Director General of the National Economic Development Office. NEDO.) Chandler has stated:[18]



ONLY A DENTIST CAN GIVE HER BETTER DENTAL CARE

Children in the age group of 5 to 15 can get cavities very easily. These are the cavity prone years. So take your child to a dentist regularly for check-ups. But every day in your own home you can help prevent tooth decay so easily. By brushing your teeth with Colgate after every meal.



Bacteria grow in food particles left between teeth. These can cause bad odour and later, painful tooth decay. Colgate's unique active foam reaches deep to remove dangerous food particles and bacteria. So teach your child to brush with Colgate after every meal. Children love to brush regularly with Colgate. Because it has a fresh, minty taste.

For cleaner, fresher breath and whiter teeth more people buy Colgate than any other toothpaste in the world!



For complete dental care, use a scientifically designed Colgate Tooth Brush. 16 varieties to suit everyone in your family!

Codes of conduct tend to be placebos which are likely to be less than a responsible company will do of its own volition and more than an irresponsible company will do without coercion.

We agree.

Standards of advertising practice

In the absence of hard, fast or generally accepted codes of advertising practice, it is clearly not possible to estimate the extent of advertising compliance or abuse. However, we would certainly think that the large majority of the many hundreds of advertisements seen in India and Malaysia would fall far short of any (future) UN code which, to any significant degree, proscribed attempts to induce 'needs which may not be basic'. Equally, we consider much of the advertising seen in these countries *should* fall short of a Code such as that of the ICC, if only because of the requirement that advertisements should not 'abuse the trust of the consumer (nor) exploit his lack of experience or knowledge'. But, given that the ICC Code has in theory been in force in Malaysia, since 1975, it is difficult to know what to conclude.

Detailed examples of food and drug advertising are discussed in the following two chapters. But here are some short examples — which indicate both the lengths to which advertisers may go, and the limits within which they operate:

- In Malaysia (1976) Glaxo was promoting the use of **Celin** Vitamin C tablets (50mg) under the headline: 'Celin lessens smoking hazards'. For the minority who read on — pausing sufficiently when they come to the bit about 'might help' — it probably became clear that this was not the Glaxo breakthrough the world has been waiting for. The explanation given in the small print was: 'Medical research shows that smoking reduces the Vitamin C content in your blood even if you are on a normal healthy diet. A daily dose of Celin might help you feel a lot better if you are a regular smoker'.
- In India (1978) full-page advertisements for **Colgate Dental Cream** show a smiling young girl, holding a tube in one hand and the toothbrush in the other. The caption said: 'Only a dentist can give her better dental care'. But in their advertising elsewhere Colgate Palmolive (a US firm) have stressed the superiority of their **fluoride** brand. In Kenya, for example, Colgate advertisements of the same general kind have been captioned: 'Only a dentist can give her a better fluoride treatment' — and the advertisements go on to say that: 'Worldwide clinical tests have



CLASSIC
A cigarette of new distinction
from John Player of England.

Turn to a CLASSIC for inspiration.

proven that Colgate Dental Cream with MFP Fluoride is effective in strengthening teeth and reducing tooth decay.' If their fluoride product is so good, why isn't it promoted in India — and why indeed do Colgate Palmolive in India suggest their non-fluoride brand is second to none?

- A 1977 campaign for **Player's Classic** — on Malaysian TV, with press support — suggested these cigarettes to be a source of both inspiration and success, in two different themes. One opened with an artist staring blankly at a blank canvas. He lights up a **Player's Classic**: inspiration comes like a shot, and he starts to paint the girl model. The advertisement ends with girl model admiring the finished picture and the addict-artist. The second theme mimicked the first: composer sits listlessly at the piano, while the notes don't come. He lights up: the tune comes. Cut to night club: enter composer. Band strikes up his theme. Rounds of applause from all the beautiful people. (Commenting on this advertisement, **Malaysian Business** (November 1977 p.53) suggests: 'children have been known to seriously ask their fathers to reach for that brand of cigarette when they are flummoxed by a problem').
- In Malaysia (1972), advertisements for **Heinz** tomato soup (made in Britain) suggested this product was nutritionally balanced and complete — in the following terms: 'Serve your family the nourishing build-em-up goodness of **Heinz** ready-to-serve soups. **Heinz** soups are easy and convenient, **packed full of all the goodness your family needs.**' (Our emphasis)
- The package insert in **Scott's Vyckmin Vitamin Mineral Capsules** (Malaysia, 1978) says they 'help you (small print) look younger, live longer, regain lost health and vitality'. It is also claimed that the capsules 'are prescribed for dermatitis and other skin diseases ... faulty blood circulation ... frequent colds ... digestive upsets ... mental depression and despondency ... loss of vitality and nerve tone' and so on and so forth. Such claims are in marked contrast with the claims made for the equivalent product sold in the UK by Scott & Bowne Ltd., which in themselves are certainly open to question. (Scott & Bowne Ltd are to be taken over by the Beecham Group).
- A December 1970 advertisement (Malaysia) for **Woodward's Celebrated Gripe Water** shows this product was indicated for infants suffering from convulsions — just as it was in advertising in the UK at the turn of the century.[19]
- In India, at least between 1973 and 1976, Beecham's **Brylcreem** ('invites her fingers through your hair' etc) has been advertised in the following terms: 'And to strengthen hair roots and nourish your hair, **Brylcreem** has protein in it. Good grooming is possible only if your hair

is healthy!' Any implication that **Brylcreem** would significantly stop hair loss or restore hair would be false and misleading — as was the claim for Beecham's **Silvikrin** hair tonic, described earlier. But quite apart from this there would seem to be something decidedly sick about advertising a 'protein-enriched' hair cream in a country where protein-calorie malnutrition is rife.

- Much the same can be said for the advertisements for Helene Curtis' **Tiara Egg Shampoo** (India, 1977). The picture in this advertisement shows a brush tangled with detached hairs. The headline says: 'Prevent falling hair ... Get EGG-RICH nourishment.' The text — for reasons given above — appears almost unbelievably tasteless: '**Tiara Egg Shampoo** ... formulated from fresh eggs ... a wholesome hair food ... rich in albumen, amino acids and vitamins A and D. **Tiara Egg Shampoo** for weak, skimpily starved-to-death hair.'

- In India (1976), Johnson and Johnson's **Band-Aid** plasters — 'medicated with mercurochrome' — were said to 'comfort and help heal broken skin'. Mercurochrome (among other antiseptics) has long been out of favour in the West: as a distinguished bacteriologist (Rosebury, 1969) has put it: 'Mercurochrome was used for a while and abandoned as, at best, useless.'

- Fison's **Sanatogen Multivitamins plus Iron** (Malaysia, 1978) have been promoted under the headline: 'Vital information for women: your period can involve a serious loss of iron'. And so indeed it can. But, if the iron loss is serious, a woman should probably be seeing a doctor; in any case, she would be better off taking iron tablets. In Malaysia, these could be bought for one-tenth or less the cost of **Sanatogen** vitamins plus iron which cost over £1 a month. Quite apart from this, the fact that these advertisements are addressed to all women, does prompt questions about needless appeals to fear and unwarranted exaggeration.

- Among the claims made for Fison's **Sanatogen Vitamin C** tablets (Malaysia, 1975) was the memorable statement: "'Natural" vitamin C claims are misleading. The best source of vitamin C is actually in a scientifically, medically-correct preparation so you know how much you are getting'. Nonsense.

- Finally, as an example of marketing nonsense, it is worth referring to advertisements (Malaysia, 1976) for **Sanatogen Powder**. This stuff was being promoted to students (Worried about exams?) on the grounds that it gave 'greater energy and concentration'. Moreover, this powder was said to have been 'used successfully by millions of students all over the world'.

This same product is sold in Britain as **Sanatogen Nerve Tonic** — not

to students, but to middle-aged and elderly (mainly) women who have been persuaded that the powder will help them 'stay so calm — so unruffled', 'soothe (their) nerves', 'cope with the stresses and strains of day-to-day living'. In this role, in this country, **Sanatogen** has merely 'helped thousands of people' — rather than the millions of students elsewhere.

Having said all this, it should be stressed that these were by no means the worst of the advertisements seen. In both India and Malaysia, *numerous* examples were found of outright frauds — many of them clearly imported from the West, though apparently operated by local talent. Among these, were such things as slimming soaps, pills and garments; rejuvenators and the like, bust developers; and courses to take stones off your body or add inches to your height. These are worth mentioning because the fact that they appear frequently and prominently gives some idea of the environment for advertising, and of advertisers' freedom from effective control.

Whether such abuse in advertising is more damaging than the presence of advertising is of course open to question — but it certainly does nothing to help.

Dumping

While much of the criticism directed at TNCs relates to the marketing of inappropriately expensive and elaborate products, reference should be made also to the question of dumping.

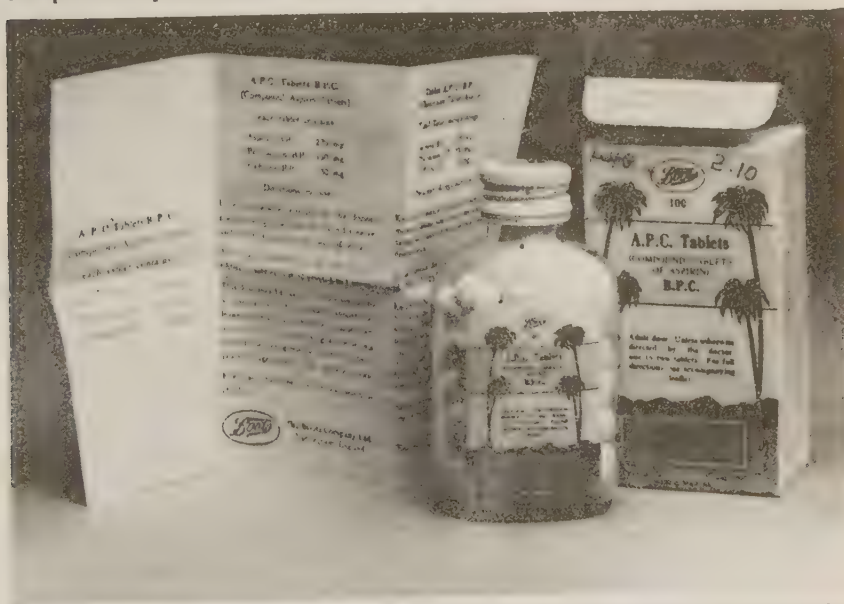
Dumping means many things — all of which seem to have something to do with passing off old, unwanted, outdated, banned or otherwise inferior products, usually to an unsuspecting public. At one level, dumping is, as much as anything, little more than a state of mind. For instance, in an interview (**Sunday Telegraph Magazine**: 13 November, 1977, p.68) with the woman responsible for introducing a complete new range of Boots' cosmetics, the discussion turned to the question of what had happened to the old, superseded products: 'I don't know what happened to the old stuff', she said wryly. 'It was either thrown away, or shipped to Africa'. Same difference?

Beyond this, there are cases in which a company will make one product in one place, but not in another — because of restrictions made for safety or other good reasons. Typically, such restrictions exist in home countries, but not in host countries. Thus, the over-the-counter sale of drugs containing Phenacitin was stopped on safety grounds in the UK, in 1974. However, in the near and far East, subsidiaries of Boots

(almost certainly among other companies) continue to make **APC Compound** (Aspirin, Phenacetin and Caffeine) for over-the-counter sale. No warning of harmful side effects was given on the Boots package, nor in the literature inside.

Boots (India) told us they thought a ban on products containing Phenacetin might be in the offing. In the meantime, however, they said they had no plans for withdrawing their product.

If such a ban is made, could it be that analgesic packs will then be 'flushed' with the slogan "contains no Phenacetin"? — following the precedent seen in three different advertisements found in Malaysia? Advertisements for talcum powder and the like used to say "Contains Hexachlorophene". Then came the hexachlorophene scare; and advertisers mostly responded by flashing their packs with "Contains NO Hexachlorophene". But we also found one example of truly shining virtue — the product promised, "NEVER contained Hexachlorophene".



The third, worst and most familiar kind of dumping involves the export of defective or dangerous batches of products to a developing country, usually because they have been banned elsewhere. Information about the extent of this is very difficult to obtain — not least because the evidence of defectiveness may be obscure or obscured. The Consumers' Association of Penang (Malaysia) has, for instance, collected several examples of imported US medicines from which the data stamp had been

obliterated—clearly implying that these products' shelf-life had long since expired.

Further, incidental evidence of the seriousness of this problem is given by the fact that the World Health Organisation passed no fewer than 17 different resolutions, relating to the quality of drugs in international trade, between 1963 and 1974. These resolutions were tabled mainly by:

... the newly independent states of Africa and Asia ... (who) ... realised that their low income levels often necessitated buying pharmaceuticals on the basis of lowest available price; and they feared that this increased the probability of their importing drugs of unacceptable quality. This fear was increased by the knowledge that the domestic drug quality regulations of many major exporting states, the United Kingdom and Italy, for example, specifically did not apply to drugs produced for export. These states also realised that they lacked the domestic capability to monitor the quality of drugs being imported into their states.

However, the author of this report, prepared for the US National Science Foundation (Kay, 1975), also points out that: 'Somewhat surprisingly, WHO discussions of this problem are generally bare of specific examples ...'—and the same appears generally true elsewhere.

Gaedeke and Udo-Aka (1974) did raise the question of dumping in their questionnaire survey to the government representatives of 58 countries, asking: 'Are products sold in your country after they are banned in other countries?' However, their results are very difficult to interpret (a) because their sample amounted to a mixed bag of Western, East European and developing countries—all of whom would have been likely to have had very different experiences with dumping; and (b) because the answer "yes" indicated only that the respondents knew of or were prepared to admit they had received dumped goods. Thus, eight respondents said their countries had been sent dumped goods—but twenty-one said that in their countries there was no agency which certified quality or safety of goods before they were offered for sale.

However, the question of dumping—or what may have been dumping—was specifically mentioned by a few respondents in our survey of field volunteers, and they are certainly worth mentioning. The first case was described by the correspondent from SE Asia, whose views on corruption were quoted in the previous chapter:

One of the worst abuses of foreign companies is dumping of sub-standard products in developing countries, where either the statutory restrictions are non-existent or officials can be bribed to let the stuff through. In the most striking

case in my experience, an extremely well-known company in Europe, whose name is practically a household word in the world, dumped a large quantity of (dangerous) electrical goods here ... I am assured by a number of friends who are agents or businessmen that this is not an uncommon practice.

A former teacher in Nigeria also mentioned dangerous electrical goods — though it was not clear in this case who was involved, or even whether the goods had been imported at all:

A certain manufacturer of electrical goods had one of his products tested by a respected British testing authority who produced a well-presented, bound report pronouncing it unsafe. The report subsequently became a major selling aid; it looked so good, no-one bothered to read it.

The problem of out-of-life drugs was referred to by a produce chemist working in the West Indies:

I have purchased drugs from the chemist with expired shelf lives — and also "Doctors' samples" ... a friend went to get Chloromycetin ear drops from ... the dispensary last month (March 1978). The bottle he was offered expired in November 1977 — they changed it and gave him a bottle which expired in June 1978.

The same was reported to be true of drugs used in the local hospital — according to a final year medical student who wrote to us shortly after his return to the UK:

I certainly recollect a large number of drugs, particularly the antibiotics e.g. Penicillin and Chloramphenicol, beyond their expiry date on the wards. On checking, they were all expired in pharmacy stores too. The same was true of some anti-hypertensives e.g. Reserpine. However, I don't know if the Government bought them already expired, or just shortly to expire.

Similar problems have been reported recently in India (See, for example: **Hindustan Times**, 28 January, 1978, p.1). Here the problem has arisen with the import of cut-price drugs, nearing the end of their useful life, though not actually expired.

There are also problems with drug quality and type. Illich (1975) for example refers to the fact that 'in Mexico there are now four times as many drugs on sale as in the US' — as evidence of the use of drugs not authorised for sale in their principal country of origin. And the same issue has been referred to editorially in Malaysia's principal pharmaceutical journal: 'Drugs of low quality and questionable formulation', they wrote, 'are being freely imported into our country as well as being

produced by some local backyard manufacturers.' (**Berita Farmaci**: May/June 1976, p.3).

On the strength of such limited data, it is clearly impossible to estimate the size of the dumping problem. However, there are three factors, at least, which do suggest it is much greater than it is known to be. First, there is very strong evidence to suggest that business decisions to dump or not to dump defective goods depends greatly on whether companies think they will get away with it. (See for example: Armstrong, 1977). In many developing countries, it is likely that they will — for reasons already given.

Secondly, it is clear that, even when controls do exist, they may be easily by-passed — for both detection and enforcement can be very complicated indeed. In the UK, for instance, there are regular reports about imported condemned food, or dangerous imported goods, reaching the public. (See, for example: 'Reject food ends up in cafes' (in) **The Sunday Times**: 30 April, 1978, p. 3).

Finally, in considering the scale of dumping, account should be taken of the considerable volume of food, drug and other products — made in or exported to Western countries — that is regularly condemned as unfit or unsafe. There are few published data on this outside of the US — but the reports that are regularly released by agencies such as the Food and Drug Administration, the US Department of Agriculture, or the Consumer Product Safety Commission establish beyond doubt that large quantities of defective products are produced in the normal course of business.

Recent examples of these rejects range from asbestos-contaminated coffee to defective cardiac pacemakers; and from dangerously contaminated or mis-labelled drugs to underweight tins of carrots and peas. What happens to products like these is anyone's guess.

8. Case Histories in Food Marketing

Malnutrition kills and, in advertising jargon, 'helps kill' an estimated 30 million people each year — but for every one death there are also some 50 survivors who suffer from more and less serious malnutrition, probably throughout their lives. This largely explains why people in developing countries are extremely sensitive—though far from well-informed—about nutrition and health. And this in turn explains why there is a great deal of food advertising which blatantly exploits this consciousness: in India, we even found jelly crystals advertised as 'energy-giving food.'

Here are some other examples—some more justifiable, others clearly not—but together illustrating how health and nutrition themes pervade food advertising. They do so to an extent which makes it impossible for consumers to distinguish between products with significant food value, and products without:

Give them a nourishing breakfast with *Kissan jam*. *Kissan jam* makes a breakfast that's full of food value. (Kissan Products is an associate company of Cadbury-Schweppes).

Dipy's jam—for the health of the entire family.

Amul butter builds better bodies.

Dipy's tomato sauce: It's so good for their health.

Kissan tomato sauce and ketchup: preferred for their natural goodness.

Kasauli tinned mushrooms: Hand-picked, protein-packed. Rich in vitamins and minerals.

Kellogg's Corn Flakes: Gives you much of the nourishing goodness you need... has special goodness.

Guinness Stout is good for you... puts back what the day takes out, preparing you for a busy tomorrow.

Kraft processed cheddar cheese: for growing power. Give your children the right nourishment to grow on. Start them on Kraft cheese when they are toddlers. Help them grow up a match for anyone.

Beyond the headlines, there is a mass of small print—to drive the message and the products home. There is different emphasis in different promotions—as the following short case histories show—but all is goodness in the end.

Brand's Essences

Our first example is worth discussing in some detail, as a classic in the promotion of nutrition and health. Here is an over-priced, misleadingly advertised and not especially useful product — but wildly successful, as one of many which delivers food as medicine or medicine as food.

Brand's meat essences are made and marketed by subsidiary companies of Ranks Hovis McDougall. These products appear to have seen better days in Britain.[20] They are no longer made here, but are now imported back into the UK from the far East where the market — especially for **Brand's Essence of Chicken** — remains 'vast'.

Brand's Essence of Chicken is a dark brown, slightly viscous and foaming fluid, sold in medicinal quantities — basically as a restorative and as a source of 'predigested protein' and as 'goodness...in a digestible form'. The essence is said to be made 'from the finest fresh chicken'. Chicken can be bought for around 40p a pound from most shops in Britain — or for between 50 - 60p a pound from Harrods — but **Brand's Essence** was bought (1978) for the equivalent of about £4.40 a pound in Malaysia, and for about £3.84 a pound in the UK.

Not only was the cost in the UK lower than elsewhere: so was the recommended dose. The 'usual amount' to be taken by British consumers is suggested as between 1 oz and 1½ oz a day — while the instructions for use elsewhere say that: 'The 2½ oz bottle is a recommended dose for an adolescent or adult'. There is even a recommended *minimum* dose for consumers overseas: on the 1½ oz bottle bought in Malaysia, the instructions direct: 'the entire contents of this bottle should be consumed at one time by children under 12 years old'. Children under five get the



same dose, but not all at once — while ‘in cases of serious illness, your doctor will prescribe the frequency.’

But why take it all? British consumers need it because:

The body needs protein to strengthen it and to maintain itself, but many people cannot face or digest solid food... Brand's Essence is an appetising food containing predigested protein which enables the body to absorb it quickly and easily, and also encourages natural appetite.

But in Malaysia and elsewhere, 'Women need Brand's every month' ... 'Brand's has helped so many mothers before and after childbirth. In the same way, Brand's helps all women get through those difficult days of the month'. They mean during periods, of course — but not only then. Whenever women feel 'tired or depressed' or on days when they feel 'drained of energy' — that's when they 'need the goodness of Brand's Essence of Chicken.'



Other indications, suggested in the Brand's pack, include:

After unusual strain, to hasten the recovery process; during pregnancy and especially after childbirth; when convalescing from an illness (15 of which are mentioned and which cover many eventualities — from headache and depression to influenza and stomach ulcers); before and during menstrual periods; and when overstrained, weakened and tired through lack of sleep.

However, **Brand's Essences** are not only for sickly, neurotic or suggestible women. They are also for 'Students during study periods, and immediately before exams; for growing children; and for sportsmen — to keep them at the peak of fitness.'

All this might be little more than quaint, were it not for the fact that this stuff is, and long has been, consumed in considerable quantities. It has been sold even in six- or eight-packs; and competes in a market strong enough to support several other brands.

So what do these essences contain, and what are they really worth? In 1971, the Selangor Consumers Association (Malaysia) had a number of essences analysed — comparing them for protein content with various other available foods. They reported the cost of protein in **Brands Essence of Chicken** to be 27-times higher than the cost of protein in eggs, and about 130-times the cost of protein in Ikan Bilis, a small commonly-found local fish. The situation today (1978) may have changed — but not radically so. On our reckoning, the cost of protein in **Brands Essence of Chicken** is about 20-times the cost of protein in eggs; about 30-times the cost of protein in whole chicken; and about 50-times the cost of protein in Ikan Bilis.

Vitamins

In 1976, **Bovril** introduced a rival product, **Chickril**. **Chickril**, said the advertising, was 'made to give your family the kind of high quality nourishment you were probably brought up on' — and,



in what may have been a further reference to **Brands** and other essences of chicken, the advertisements went on to stress: 'Chickril isn't just chicken juice you can drink, you can actually use Chickril as a delicious flavouring'. We have no data on the nutritional value of **Chickril** — but the 1971 survey by the Selangor Consumers Association did refer to **Bovril**. **Bovril** was cheaper than any of the essences, as a source of protein, but it still cost more than three times the protein in, say, lean mutton — and nearly 30-times the cost of protein in Ikan Bilis.

Bovril is still sold mainly as nutrition, today: 'A nutritious drink containing proteins, minerals, vitalising and beautifying vitamins'. **Bovril** also 'sharpens your appetite' — presumably why it also 'helps you get the maximum nourishment from everything you eat'.

On the strength of these present-day advertising claims, there is not a great deal to choose between **Bovril** and **Marmite**. In advertising seen in Malaysia (1978) **Marmite** merely 'helps to build up resistance to common infections — helps keep your family healthy and strong'. However, in promotional literature distributed to schools (Malaysia, 1975) **Marmite** was recommended by doctors for:

Building 'resistance against sickness' (picture of rippling bicep); giving 'clear eyesight'; making "your skin glow with health"; and "for building strong, healthy teeth". More than this, 'Marmite helps you to think clearly. Good for students' and it "strengthens your blood and gives you new life".

This particular case — and another involving the promotion of Nestle's reconstituted UHT milk as 'a complete food' — were the subject of a complaint by the Consumers' Association of Penang, mainly on the grounds that school children were 'being made use of to reach out to parents':

A parent has complained to us that his son came home and requested that he be given Marmite because he also wanted to have the type of muscles advertised in the Marmite advertising brochure distributed in his school... The child is a standard one pupil and the father comes from the lower income group.

Leaving aside the question of promotion to children, what of the claims themselves? Certainly, there is something to be said for **Marmite** as a concentrated source of B vitamins. But it is one thing to say that serious deficiency in these vitamins will lead to poor health — and quite another to imply that **Marmite** will somehow significantly *improve* eyesight or clarity of thought or whatever. To suggest this seems reprehensible, whatever the 'doctor' in the advertisement recommends.

The claim 'recommended by doctors' is certainly not unique to **Marmite**. Doctors — that is to say, male models in white coats and with stethoscopes, all with a firm-but-fair look about them — could be found in all kinds of food and drug advertising, and occasionally elsewhere. For instance: 'Doctors everywhere depend on "Eveready" torches for instant, powerful light. Perfectly focussed, they provide a concentrated beam, ideal for examining the throat, eye or ear.' These are the very same torches that 'smart people everywhere are buying ...'

In most of the food advertising seen, the appeals to medical science were prominent and direct — but there were exceptions. One was **Ribena** — a blackcurrant drink with added Vitamin C, made by Beecham Products — and this came no closer than including a 'Note to Doctors and Nurses' on the label of the bottle. This note — which had to be there mainly to impress consumers — would probably be of little use to doctors or nurses, since the information about Vitamin C content was given in fluid ounces and grams, units other than those used to describe the contents of the bottle (millilitres).

In any case, the 'recommended' dosages on the label appear to have more to do with increasing the consumption of **Ribena**, than ensuring consumers spend no more on Vitamin C than they need. The suggested doses (for all but lactating or pregnant women) are upwards of 50 per cent higher than the levels recommended by the UK Department of Health and Social Security (1969) — and they also presuppose that no other intake of Vitamin C is involved. (If Vitamin C taken prophylactically is effective against colds — and there is controversy on this — it would be *only* in doses which far exceed those that the manufacturers recommend.)

Prolonging active life

By contrast, advertising for Lever Brothers' **Flora**, and other cooking oils, has traded heavily on the health issue. 'I'm a believer', says the smiling lady in the advertisement — giving proof of her switch to 'the most polyunsaturated of all the leading cooking oils' by pouring from a gallon can. Others are urged to follow suit: 'Be a believer ... in reducing the risk of heart attacks' ... New **Flora Polyunsaturated** oil — for a longer and more active life'.

The advertisements for both **Flora** ('other oil could damage your family's health') and a principal competitor, a US brand, **Mazola** ('no other cooking oil is better for your health') refer prominently to clinical tests and studies in support of their claims. But neither suggests there is considerable uncertainty on this issue — which there was, and is.

These claims for **Flora** were made in 1973. In 1974, an expert panel convened by the Department of Health and Social Security reported they were 'unanimous in remaining unconvinced by the available evidence that the incidence of ischaemic heart disease in the United Kingdom, or the death rate from it, would be reduced in consequence of a rise in the ratio of polyunsaturated to saturated fatty acids in the national diet'. (DHSS 1974, p. 21)

Unlike these cooking oils, which arguably may give longer term benefits (since heart attacks are a relatively low priority problem in most developing countries) various glucose products are promoted for their day-to-day benefits and use. Notable is Glaxo's **Glaxose D** which is widely promoted in India; and Beecham's **Lucozade**, sold in Singapore (but apparently not yet in neighbouring Malaysia) and widely in developing countries in Africa and elsewhere.

Glaxose D is specifically promoted for everyday use by normal healthy children — though the advertising does also have more than an occasional stab at women tired with (of?) housework and at family health generally. But in either case, the message is essentially the same: 'Every day you get tired because your body loses glucose through mental or physical work. Replace energy-loss with instant acting **Glaxose D**. Take Glaxose D (a powder) in water, juice, milk or by itself. In a few minutes, you'll feel bright and energetic again'.

What is particularly offensive about this advertising is that it depends for its success on consumers believing that a natural and normal state of tiredness somehow needs "treatment". Thus, one advertisement (Pakistan, 1977) refers to the energy depletion that comes with a child's 'good day's play' — for which the remedy is **Glaxose D**. Another (India 1977) shows a droopy, slightly overweight boy, taking less interest than he might in his mother, or anything else. Mother thinks: 'He's tired after school. I'll give him a drink of Glaxose D'. Minutes later, the child is seen leap-frogging over a friend under the approving parental eye. Thinks: 'Now he's a bundle of energy'.

Apart from the odd claim like **Glaxose D** 'increases the stamina of both body and brain', the emphasis in its advertising is on its speed of action, and the immediacy of recovery. This is to be expected, since the only significant advantage that glucose has over ordinary sugar — if it is significant at all — is that it may be assimilated slightly faster. For this marginal advantage, the consumer pays dearly. Part of the cost might be reckoned in terms of perhaps needlessly over-feeding children, in response to the advertising (and babies, who 'get extra energy in a rapidly utilisable form' are not exempt either). Otherwise, the cost is direct: in



**I'm a
believer!**

**I switched to Flora—the most polyunsaturated
of all the leading cooking oils**

Now Flora is made with pure soybeans, one of the most polyunsaturated of all the leading cooking oils.

Flora Is Very Polyunsaturated

Medical tests in the United States and Europe have proven that polyunsaturates reduce the amount of cholesterol in your blood. Cholesterol is linked with heart disease and heart attack. Using polyunsaturated Flora oil can possibly reduce the dangerous cholesterol and keep it under control.

Using tasting Flora cooking oil may help your family avoid the dangers of heart disease now and in the future.

Flora Gives A Crisp Clean Taste

Everything you cook is crisp and full of its own natural taste. Delicious food and healthier families build new something to believe in.

Be a believer... switch to Flora.

Be a believer... in reducing the risk of heart attacks

Free Brochure

Now you can learn just how good it is, and you'd like to know more about the benefits of heart disease. To receive your free brochure, or ask for one, write to: "Eat Your Way" National Health, 400 N. 1st St., Dept. 100, St. Paul, MN 55101. Send no money. We'll send you the brochure and pick up the rest.

NAME _____

ADDRESS _____

LEVER
LABORATORIES

India (1978) the price of sugar was about 22½p a kilo; while the same quantity of **Glaxose D** costs about £1.20.

Much the same can be said about **Lucozade**, though this is promoted more as a source of calories for sick and convalescent people — where its use might be slightly more justifiable, though still largely unnecessary. For, as Jolly (1977) has put it, in a reference to care of the *sick* child:

Added sugar gives him energy and ordinary household sugar (sucrose) is just as good as glucose, since it is changed to glucose in the stomach. So it is unnecessary to buy expensive glucose drinks unless he specially wants them.

If the child does want an expensive glucose drink like **Lucozade**, it would of course only be after prompting from advertisements. In the UK — where this product is heavily advertised on TV — this might be expected. But in the far East, the prompting might well come from doctors — who should know better, but clearly often don't. If they did, Beechams wouldn't take full page advertisements in the medical press, as it regularly has: 'The ten major indications for Lucozade' is the headline in one advertisement, which then goes on to list a number of common, home illnesses. Another advertisement is headlined 'Lucozade — its clinical advantages as a source of energy': — but the advantages really all boil down to the 'far lower relative sweetness' of **Lucozade** over sugar. Given what can be done with flavouring — and given the cost — this advantage seems very marginal.

HORLICKS AND BOURNVITA

We looked in some detail at another Beecham Product, **Horlicks** — and at a rival product, **Bournvita**, as well. In India, we discussed the way in which both products were promoted with executives in the companies concerned; and we also looked specifically at evidence about the way in which these products were

Lucozade — its clinical advantages as a source of energy.



Lucozade is a glucose drink which is a source of energy. It is a source of energy because it contains glucose, which is a source of energy. It is a source of energy because it contains glucose, which is a source of energy.

High Energy Value:

Lucozade is a high energy drink. It is a source of energy because it contains glucose, which is a source of energy. It is a source of energy because it contains glucose, which is a source of energy.

Speed of Action:

Lucozade is a fast acting drink. It is a source of energy because it contains glucose, which is a source of energy. It is a source of energy because it contains glucose, which is a source of energy.

Ready Acceptability:

Lucozade is a pleasant drink. It is a source of energy because it contains glucose, which is a source of energy. It is a source of energy because it contains glucose, which is a source of energy.

Lucozade is a fast acting drink. It is a source of energy because it contains glucose, which is a source of energy. It is a source of energy because it contains glucose, which is a source of energy.

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used. One main reason for doing this was finding repeated references to both **Horlicks** and **Bournvita** in a number of Indian regional food surveys. In fact, in all the major food surveys we saw, these products were almost unique in being mentioned by brand name. This suggested not only that they were extensively sold — but also that they were used by rich and very poor consumers alike, in place of different staple foods.

In Britain, both **Horlicks** and **Bournvita** are sold mainly as mild soporifics.[21] **Bournvita** emphasises this — as the ‘Goodnight Drink’ which ‘helps sleep come naturally’ — but no reference to its food value is given on the tin. **Horlicks** does stress the ‘goodness’ and ‘nourishment’ of the product — but as the ‘food drink of the night’. **Horlicks** ‘helps you relax into the proper rhythm of sleep; helps nourish you through the sleeping hours until you wake restored’.

Both products are widely sold in India, Malaysia and elsewhere — but they are promoted almost exclusively as energy-giving foods, if not as tonics. This is what they have claimed (1977-8):

Bournvita: Bournvita is a complete and carefully balanced food... Bournvita contains in their most concentrated form those elements essential to full nutrition: *Protein* — to build up muscle and tissue; *Carbohydrates* — to supply strength and energy; *Mineral salts* — essential to build healthy bones. Bournvita also contains *vitamins* natural to the ingredients.

From infancy right through life Bournvita is a valuable food drink. *For school children*: Bournvita’s energising qualities help to keep minds alert and



active making it easier to learn and do well at school. Give your child extra energy to stay ahead with cocoa-delicious Bournvita. Give your children Bournvita every day, twice a day. It helps provide them with the precious nourishment they need for their growing bodies. And you need it too ... to keep up with them.

Horlicks: Horlicks — the nourishment that builds resistance, safeguards health, day after day. Horlicks, taken regularly, gives your family the nourishment that builds up their resistance and keeps them full of health. Health that means success and happiness. Health that keeps you fit and active and builds security. Horlicks. It's the only one that doctors all over the world recommend.

Give your family Horlicks every day and watch them grow in health and strength through all the years ahead. Horlicks — the great nourisher.

In India, the claims made for both products have been modified in the recent past. The Beecham subsidiary, Hindustan Milkfood Manufacturers, were recently required by the Government to remove the claim 'twice as good as milk' from the **Horlicks** label. While Cadbury (India) Ltd — under pressure from the parent company in the UK — has deleted references to infant feeding — which were apparently on the **Bournvita** tin until 1976. Changes were also made to **Bournvita** advertising claims. Until recently, **Bournvita** was advertised as giving children 'all the precious nourishment' they need — but today it only 'helps' to. There used also to be a more marked emphasis on **Bournvita** as brain food: 'I want my little girl to be more active, healthier, smarter! So, I give her Bournvita every day' — said the headlines until only three or four years ago.

However, there are to be further changes to the **Bournvita** claims — according to Cadbury (India) Ltd Managing Director, Mr D.W. McPhie. The revised claims — which McPhie suggested would bring their advertising into line with the Company Code 'which aims at absolute honesty' for all claims — will be as follows: 'Taken every day, twice a day, Bournvita helps provide you and your family with extra energy to stay ahead'. Mr. McPhie suggested that this new wording was 'innocuous'; and he also made the point 'If I could say "three times a day", I would'.

Food and other value

In fact, both **Horlicks** and **Bournvita** are relatively good foods. On the other hand, their calorific value and protein content can be compared with that of any good cereal or pulse — and there is certainly nothing unique about them as nutrients, as some of the claims would suggest.

Many of the claims made for both products seem to need major qualifications — while in different circumstances one or two of them would be just laughable. For instance, the specialist we asked about the

Horlicks



The nourishment that builds resistance, safeguards health day after day.

Horlicks, taken regularly, gives your family the nourishment that builds up their resistance and keeps them full of health. Health that means success and happiness. Health that keeps you fit and active and builds security.

Horlicks. It's the only one that doctors all over the world recommend. The only one that gives so much nourishment because its rich, pure ingredients are combined by the

unique Horlicks process which retains their natural goodness and makes them easy to digest.

That's why Suchitra has made Horlicks a part of her family's life. She knows that Horlicks gives them health protection.

Like Suchitra, give your family Horlicks every day and watch them grow in health and strength through all the years ahead.

Horlicks is a complete source of nourishment. It has been scientifically proven to be the ideal food drink for babies, children, adults, and the elderly. Horlicks to build up your family's resistance and keep them healthy and active day after day.



HORLICKS-The Great Nourisher.

* In North and West zones only.

Also available
Elaichi Horlicks*

Horlicks is a Registered Trade Mark

claim 'Bournvita also contains VITAMINS natural to the ingredients' simply commented 'so does your car'. To see many of the other claims in perspective, it might help to substitute the word "food" for the brand name. Thus:

Give your family *food* every day and watch them grow in health and strength through all the years ahead. (Horlicks).

Give your children *food* every day, twice a day. It helps provide them with the precious nourishment they need for their growing bodies. And you need it too... to keep up with them. (Bournvita).

Food, taken regularly, gives your family the nourishment that builds up their resistance and keeps them full of health. (Horlicks).

Beyond this, it doesn't greatly matter how good these products are as foods. What matters is their value — and value to whom — and this has to be reckoned in terms of their cost, in relation both to family incomes, and to good alternative foods.

From this perspective the situation appears to be a complete "Catch 22". For if — as we were told in India — both **Horlicks** and **Bournvita** are specifically promoted to the wealthiest 10 or fewer per cent of the population, then these products would probably not be giving the advertised effect. The point is that the people who can afford to buy these products, and use them as directed, would be the very people who, in nutritional terms, could probably well afford *not* to take them.

By contrast, those who could really benefit from the nutrition could find calorie and protein sources many times cheaper — and could certainly never afford to take **Horlicks** or **Bournvita** in the way the advertisements suggest.

For instance, the *family* income of 85 per cent of those involved in one of the biggest food habits surveys ever done in India was below 200 Rupees (£13) a month — and for half of that sample, it was half even that, i.e. about £6.50 per family per month. (Protein Foods Association of India, 1972). At that time, for example, the cost of two helpings of **Horlicks** per *person* per day would have worked out at about Rs. 20 (£1.25) a month — in other words, more than most people would have had to spend on food and everything else. (To be fair, **Horlicks** advertisements have not specifically suggested people have two helpings a day. The advertising has simply said **Horlicks** should be taken 'regularly' and 'every day' — without specifying the amount).

But in spite of their cost, both **Horlicks** and **Bournvita** are widely used in India, by consumers at all income levels. Some of the evidence for this comes from food surveys; and sometimes it is anecdotal. For

instance, we were told by a senior UNICEF official in New Delhi that when he and his team arrived at one small village — to distribute fortified wheat flour, as part of a child-feeding programme — he was asked by the local headman why they had not brought 'something really nutritious, like Horlicks'.

The evidence from food surveys is sometimes stunning. For example:

In a survey of 2,415 children under three years old (Indian Council of Medical Research, 1977) both Horlicks and Bournvita were identified by parents as "prestige foods" for children — and Horlicks as a preferred food for sick children. At the same time, most of the families in this survey had *annual* incomes of under £15 a head — though in one region, 65 per cent had annual incomes of half that.

In another major food habits survey (Protein Foods Association of India, 1972) Bournvita and Horlicks are again specifically mentioned for infant and child feeding. This survey showed that probably more children in the under £15 a month family income categories are fed these products, than children in higher income groups. Though, not surprisingly, the proportions of children fed with Horlicks or Bournvita does (usually) increase markedly as family income rises.

Finally, from the study of food habits of 2,386 households in Calcutta (USAID, 1972) one can compare beverage consumption and nutritional 'status'. The percentages of households in different income groups in Calcutta consuming either Horlicks or Bournvita were as follows:

Percentage of households consuming:	Monthly expenditure levels per person				
	Up to £1.20	£1.20-£2.40	£2.40-£3.60	£3.60-£6.50	Over £6.50
Horlicks	1	2	4	7	9
Bournvita	-	-	1	2	5

If these usage levels seem low (which they are not when related to a population of any size) bear in mind that there are actually more consumers of these beverages than there are adequately fed people. Incredibly, only two per cent of children in the Calcutta survey were found to have an adequate intake of calories (among other nutrients) and one-third of all children got less than half of their daily need:

Percentage of children in Calcutta aged up to four years old having a daily calorie intake found to be:

Sufficient	Deficient by up to 25%	Deficient by 25 - 50%	Deficient by over 50
2 per cent	17 per cent	48 per cent	33 per cent

Points of appeal

In circumstances like these, it is hardly surprising that mothers are receptive to claims of the kind made for **Horlicks** and **Bournvita**. Nor is it surprising that the poorer the household, the more receptive the mother will be: the more desperate they are, the more desperate they are *for something*. Apart from this, one might reasonably expect mothers from lower income groups to be less questioning about more extravagant claims.

At all events, data from the Calcutta study clearly shows that **Horlicks** and **Bournvita** were more frequently preferred for infant and child feeding by those from lower income groups. And, more specifically, this study shows that **Horlicks** and related products were spontaneously suggested by women as good foods for very young babies about as often as was breast milk ("Milk" in general was, however, suggested far more than anything else). It was interesting also to see **Bournvita** was mentioned by 10 per cent of mothers as food which made milk more palatable for young children. It was the most popular product — but both **Cadbury's Chocolate** and **Ovaltine** got mentions too.

The authors of the Calcutta study repeatedly emphasise the importance of a doctor's recommendation in the selection of a baby food — and on the evidence given above, both **Horlicks** and **Bournvita** are clearly considered to rate as such:

The two most frequently quoted reasons that motivated mothers to buy a new baby food were "the food improves the health of the child" and "the doctor recommends the food".

Most housewives rely heavily on the doctor's advice in selecting new baby foods.

Opinions of the mother, doctor and father in that order influence the choice of food for babies.

It is not clear how far the prominent and persistent self-endorsement for **Horlicks** — 'the only one that doctors all over the world recommend' — would be taken at face value. But they clearly have their effect. Indeed, it could be that more consumers are familiar with the doctor illustrated in current (1978) **Horlicks** advertising than they are with doctors in clinical practice. The doctor in today's advertisements — quoted as recommending **Horlicks** 'to build up your family's resistance and keep them healthy', and so on — appears to be the successor of a slightly earlier model who was described by a contributor to this study in the following terms:

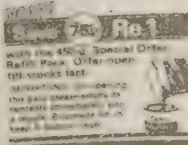
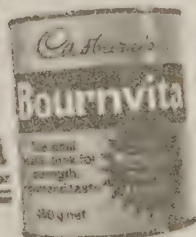
Give your child extra energy
to stay ahead with
cocoa-delicious Bournvita



Bournvita now contains more
cocoa to make it tastier, healthier.
In addition, Bournvita is packed with
all the goodness of malt
milk and sugar.

Two teaspoonfuls in a hot cup of milk, make
a delicious, energy-giving drink.
Give your children Bournvita every day, twice
a day, it helps provide them with the extra
energy they need for their growing bodies.
And you need it too... to keep up with them!

Cadbury's
Bournvita
with more cocoa, tastier, healthier



I remember seeing papers given by the overseas division (of Beecham Products) which horrified me ... They were extremely proud, four years ago, of their advertising in India where the retail price of a jar of Horlicks was very high in UK terms, let alone in relation to the Indian cost of living. Cinema advertising showed a mother taking a sick child into the doctor's surgery. The doctor, complete with stethoscope, wrote out a prescription for Horlicks. At the time, the approach was so successful that the overseas marketing department showed it to a group of other manufacturers as part of a Market Research Society seminar on researching a test market ...

We asked Beecham Products International (in London) about these allegations; and we also asked if we might see this film. We couldn't see the film: they said they didn't have it. Their response has been reproduced in full in the Appendix at the end of this report.

More about doctors

The role of doctors in the marketing of **Horlicks** was discussed with Mr. A.R. Sarker, the national sales director (for India, Sri Lanka, Nepal and Bangladesh) of Hindustan Milkfood Manufacturers Ltd. Though it was still considered important, Sarker suggested that the contacts between the company and the medical profession had been more important in the past: the image of **Horlicks** as a beverage, rather than as a health drink, was now growing. He confirmed (as did Beecham Products International) that doctors still often recommended **Horlicks** — but he said they would be unlikely actually to prescribe it, except perhaps in some rural areas.

We were told that **Horlicks** maintains close links with the medical profession. They have a separate "Medical Sales Force", whose job is to visit doctors — up to four times a year, depending on the size and type of practice. The company keeps files or records on all doctors in major urban areas, listed according to the kind of practice they run. These medical sales people also visit the doctor or administrator responsible for the food purchasing at 'big government hospitals'. We did not establish how much or how often they buy.

The point of these contacts with doctors was said to be mainly for briefing purposes. But why so often?

We were told that doctors 'tend to forget'. But why should they forget? **Horlicks** has been made in India essentially unchanged for the past 17 years — and it was imported from England for many years before that. Why any self-respecting doctor (assuming they were busy, as one reasonably might) should agree to see representatives from **Horlicks**, to

be reminded that the product was the same as it always has been, is far from clear.

Apart from this direct contact with doctors in practice, **Horlicks** is involved — as sponsors or otherwise — at seminars and conferences for doctors; and in various programmes for medical students and interns as well. Doctors are also at the receiving end of mail-shots; and there are other types of promotion as well. For instance, **Horlicks** has donated TV-sets for use by hospital nurses and patients. The name “**Horlicks**” is of course inscribed on these sets, to get the name across.

Given the significance of doctors in the promotion of **Horlicks**, we asked Mr McPhie of Cadbury (India) Ltd why **Bournvita** was not promoted through doctors as well. It was not a wholly serious question, because we could not conceive that it should be: however, it turned out that Cadbury *had* tried to promote their product through doctors, but had failed. Apparently, four or five years ago, they tried to involve doctors in the West Bengal area — which includes Calcutta — where **Bournvita** had traditionally been weak, and **Horlicks** strong. The venture was later dropped, proving to be ‘non-commercial’ — but this was not because of resistance from doctors. The reason, it seemed, was the reason why **Horlicks** had always sold better in that part of India: it is a milk-poor area, and while **Horlicks** can be made with water and used as a milk substitute, **Bournvita** more or less has to be made with milk.

All this goes some way to explaining why **Horlicks**, in particular, enjoys considerable popularity in India — despite its price, and the poverty of many who pay it. Beecham Products International, in London, commented on the question of price (see Appendix) telling us, in effect, that the price reflected the high cost of production and tax. By contrast, Mr Sarker, in New Delhi, strongly suggested that the price of **Horlicks** reflected the considerable popularity of, and demand for, the product — and was set at the optimum level that the market would bear.

Since 1970, Sarker said, his company has been able both to double the volume of **Horlicks**’ sales — and to double the price. For the future, Mr. Sarker predicted an increase of 50 per cent on sales in about 5 years’ time. And he predicted the price for **Horlicks** — ‘a premium price, of course’ — would be increased, just as in the past.

BABY FOODS

Robinson’s Patent Barley

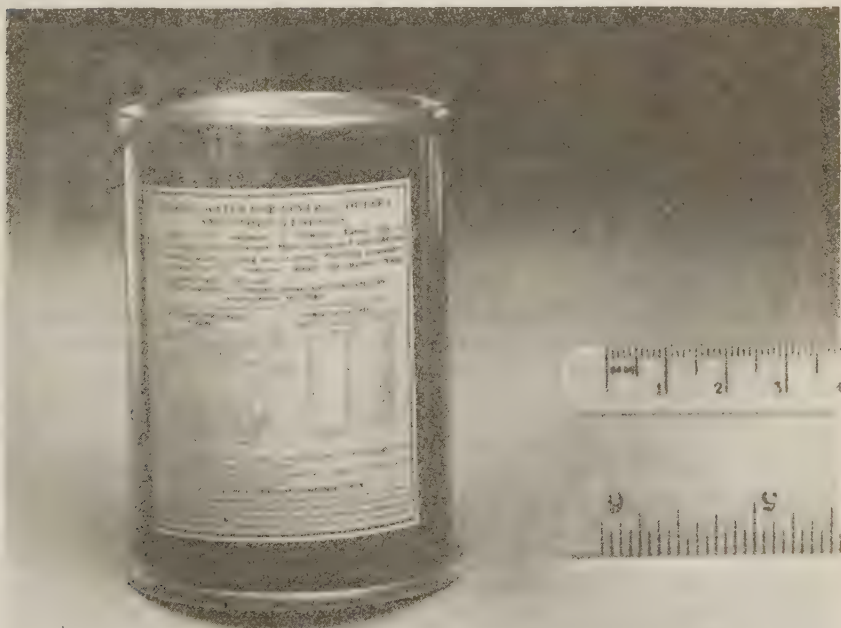
Unlike **Horlicks** or **Bournvita** — both expensive products which, if

sometimes used for infant feeding, are not now promoted as such — **Robinson's Patent Barley** is sold in India and elsewhere as a relatively much cheaper food, and specifically for feeding infants from birth. We were able to look only cursorily at this product. We mention it here, partly to suggest it is looked at more closely — but also to make a point about the importance of communicating instructions for use.

Robinson's Patent Barley — a Reckitt and Colman product — is simply barley powder or flour.[22] When mixed with appropriate amounts of milk, sugar and water, it provides an infant's basic nutritional requirements, given an adequate intake also of Vitamins C and D.

Schweiger and Cutting (1978) have suggested that **Robinson's Patent Barley** has been implicated in many cases of infant malnutrition and mortality in Bangladesh. In March 1976, "Barley Water Babies" accounted for about one-third of the malnourished babies seen at the "Concern" clinic where Dr. Schweiger worked — and of these about one-third died.

While Schweiger and Cutting suggest that "Barley Water Babies" were separately identifiable from other malnourished babies, what is not



The instructions on a small tin of Robinson's Patent Barley, bought in India in early 1978.

clear is how far the **Robinson's** product — among other loose and packaged barleys — is implicated. There is no doubt that **Robinson's Patent Barley** is widely used in Bangladesh and elsewhere. However, Reckitt & Colman in London have suggested to us (we think reasonably) that what is sold as "Robinson's" may sometimes not be **Robinson's Patent Barley** at all; while what may or may not be "Robinson's" is often decanted from a **Robinson's** tin and sold loose.

To some extent this complicates discussion of the central point at issue here — namely the communication of instructions for use on the **Robinson's** tins. However, the situation — explained in chronological order of events — seems to be as follows.

Robinson's Patent Barley has been made in Calcutta (West Bengal, India) since the 1920's; and more recently also in Bangladesh (the other side of the border, in what would formerly have been East Bengal). Information from the aforementioned Study of Food Habits in Calcutta (USAID, 1972) suggest barley and barley products to be very widely used in this area, particularly for infant feeding by low income groups.

Until alerted to Schweiger's findings, in mid-1976, both the Indian and Bangladesh subsidiaries of Reckitt and Colman printed instructions on the **Robinson's** tins in English, rather than in the local language, Bengali. The instructions were complicated, badly laid out and also written in very small print — black print on a red background, in India, at least. And this, compounded by widespread illiteracy, clearly had a lot to do with the fact that important instructions had made very little impression at all. Schweiger and Cutting reported:

We questioned many mothers about the instructions and to our surprise none understood them, and most believed the powder was a complete infant food ... Most of the children had been fed on barley water with no additions apart from water ... a number of these children received only one spoonful of barley a day. They were grossly deficient in both protein and energy ... The recommendation to start the baby on barley water had often come from a doctor or someone respected as being knowledgeable on health matters ... None of the advisors had, so far as we could find out, taken the trouble to explain the correct method of preparing barley water and it is ... possible that they are themselves unaware of the need to use sugar and milk with it.

It was suggested also that 'Some of the promotion material made the produce appear to be a baby food' — and illustrated in the Schweiger and Cutting paper is a text which, translated, reads:

During growth a child needs nourishing food for extra energy. For extra nourishment mix **Robinson's** barley with milk and feed the child at regular times. Look, the child will grow healthy. It is very cheap.

Alongside was a prominent picture of the Robinson's tin, and a healthy-looking baby next to it — and a rider which said: 'Buy one pound of barley from our van and you will get one SICOL brand teaspoon free'. But how or when this message was used is not clear: Reckitt and Colman in London told us they don't advertise the Patent Barley in Bangladesh and have not done so since the war. That message came 'from an old booklet', the company said.

At all events, following criticism made in mid-1976, the instructions used on the tins in Bangladesh were slightly changed, and translated into Bengali as well. In addition — though it had taken two years, at the time of writing — Reckitt and Colman has now produced the first draft of an instructional leaflet to be circulated to doctors and medical advisers in Bangladesh, when complete.

Given what had happened in Bangladesh, we asked about the situation elsewhere. Reckitt and Colman in London told us they had made enquiries of all affiliated companies, but had had no reports of any problems comparable to those in Bangladesh. At the same time, they did acknowledge that, across the border in West Bengal (India) there was very likely to be the same sort of problem — but it hadn't been reported to them. Nevertheless, the solution adopted by the Indian subsidiary of Reckitt and Colman has been to delete all references and instructions relating to infant feeding from the tin. The instructions that remain — for the preparation of "barley water" for invalids — are printed in English. Reckitt and Colman in London said this was the only thing the company could have done, because of the many different languages used in India.

How far the text on any packet or tin can be communicated to users is debateable: indeed, the doctor we talked to at Reckitt and Colman in London didn't seem to think that the changes so far made would make any significant difference. He acknowledged also that the important instructions to give daily supplements of fruit juice and cod liver oil would (in Bangladesh at least) be quite unrealistic.

To an extent, therefore, one can sympathise with companies trying to communicate information of vital importance, in such an environment. On the other hand, **Robinson's Patent Barley**, no doubt along with other barley products, seems to have directly contributed to terrible harm. How far the companies concerned can be held responsible is another question — but in trying to answer it the following might be taken into account:

1. This product is not, in fact, at all cheap. The sample we bought in the West Indies (1978) cost the equivalent of over £1 per pound — when the cost of pearl

barley (not ground) at Sainsbury's (London, 1978) was just 15p per pound. The sample we bought in India (in the small size, 1978) cost the equivalent of about 80p per pound; while a 1 lb tin in Bangladesh could be bought in 1976 for about 45p. For low income consumers — the principal users of these products — these prices are extremely high, and certainly far more than they might pay for local produce of comparable nutritional value.

2. There can be little doubt that the existence of such products may encourage some mothers to stop (or never start) breast feeding — when this would almost invariably be the best possible thing they could do. The labels on tins of Robinson's Patent Barley do not hint at the benefits of breast feeding — as even many complete infant formula products now do. Indeed, the instructions we saw implied more or less relentless use of the barley — that is, six feeds a day or more for babies weighing 7lbs upwards.
3. The instructions we have seen, on products made before and after the Bangladesh situation became known, were complicated and badly-designed — and must certainly have contributed to these products' misuse. Instructions have been changed by the companies concerned only where such problems were known to exist. In addition, it has already taken two years to produce only the first draft of a leaflet to be distributed to doctors and medical advisors in Bangladesh.
4. If problems have occurred in Bangladesh, then almost certainly they have occurred in India too. Nevertheless, the response of the Indian subsidiary of Reckitt and Colman has been to delete all references to infant feeding from the tins, and to leave the remaining instructions in English. In our view, this will do little or nothing but worsen a situation that may already be bad. Had the revised instructions in India carried a prominent warning *against* use of the product for infant feeding, this would be one thing. But for those who use this product for infant feeding — and there is good reason to suppose many do — the removal of all instructions could lead to very serious harm.

Further research is clearly needed — and should be carried out — to see whether or not such harm is done.

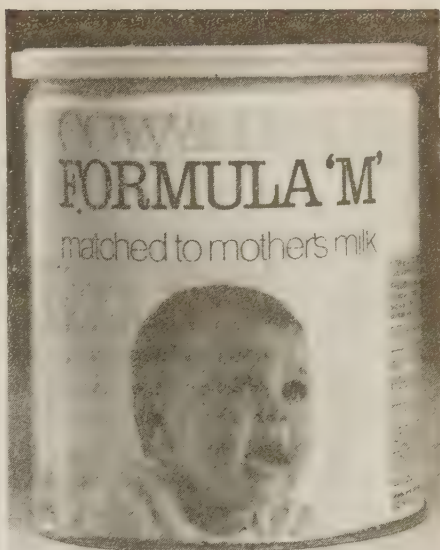
Infant formula

By contrast, a good deal of research has been done[23] into the promotion of infant formula — which is widely sold in developing countries as an alternative to human breast milk. Our own enquiries were limited partly because of this, but we learned at least enough to see that much more research is still needed.

The case for infant formula can be summarised as follows: it is available when breast milk is not and, when properly used, is an excellent alternative *among alternatives*. At the same time, it is a distinct second best: the baby food industry itself now accepts that 'breast is better than bottle' — acknowledging 'there is no argument on this issue'. [24] In addition, infant formula is expensive — for individuals and developing

economies alike — and it can also be dangerous if not properly made and used.

The headlines about infant formula mostly came and went in 1974-5, but the issues remain essentially unchanged today. Infant formula is being widely, aggressively and sometimes insidiously promoted to people in developing countries who do not need it, who cannot possibly afford it, and who are in no position to use it safely. According to Latham (in Greiner, 1975): '...it is now recognised that for about two-third's of the world's population bottle-feeding of infants is highly undesirable, and in many cases placing an infant on



a bottle might be tantamount to signing the death certificate of the child.'

Nevertheless, these products are still promoted in developing countries — to rich and poor alike. The consequences have been appalling.

Two main dangers are involved when poor people use infant formula. First, through sheer poverty — though compounded sometimes with ignorance — mothers tend to drastically over-dilute the milk powder, in order to make it last. As a result infants starve. In addition, with decreased demand on the breast, the supply of mother's milk is reduced — so it very soon becomes too late to correct damage, even if it is recognised and traced to cause.

The second danger arises from poor hygiene. Evidence on this — like the evidence on over-dilution — is as extensive as it is depressing. Compare, for example, this text — advertising disposable, ready-mixed infant formula for use in British hospitals — with the two following accounts of typical and unavoidable standards of hygiene in very poor communities:

Medical advantages: The S-M-A Ready-to-Feed system virtually eliminates the possibility of cross-infection through contamination of food. The feed is pre-sterilised; bottles and teats are opened only seconds before feeding baby... after feeding, bottles and perhaps teats are discarded so there is no risk of inadequate cleaning up leading to the contamination of future feeds.[25]



Only Poop-Cee comes closest to giving your baby
the kind of feeding comfort you can give.

Only Poop-Cee comes closest to giving your baby
the kind of feeding comfort you can give.

There's only one name for more mothers
using Poop-Cee baby bottles. It's because
it's the only baby bottle that's out
top. Poop-Cee, and millions of
mothers, say that Poop-Cee gives
your baby the most natural, most
Poop-Cee, too.

poop-cee

India's largest-selling
baby feeders & nipples

MKT BY BOMBAY LATEX & DISPENSERS PVT LTD, 81C, Dr. Annie Besant Road, Worli, Bombay-400 025

INDIAN PATENT 1,11,111

The alternative involves careful and hygienic measurement and mixing of feeds and the complete sterilisation of bottles and teats — tasks which seem virtually impossible in conditions such as these:

Sanitation (in poor households in Lagos, Nigeria) was very poor. There was not a single water closet in any of the houses visited. The pail system was used and the stench can be almost unbearable. A few had no lavatory at all. Stools were thrown in the bush around. Generally, children's stools are commonly found around the houses. Leaves used for wrapping food, waste food products, rags and even human and animal stools littered the surroundings and gutters. (Eighty-five per cent of this sample were bottle-feeding their babies — two-thirds of them "because the mother got the idea from milk advertisements on the radio, or believed it was good for the baby because she had seen some well-to-do mothers feed their babies artificially.") (Ransome-Kuti et. al., 1972).

A filthy medicine bottle with a teat on it, wrapped in a dirty cloth, with flies on the teat, is a common sight (in India) and obviously a source of infection ... The infection rate in bottle-fed babies is high. Of all the babies that come to a hospital or clinic with diarrhoea, hardly one of them is entirely breast-fed. Diarrhoea leads to further dilution or reduction in the amount of milk by the mother. This in itself leads to malnutrition, and so the cycle goes on. The advantages of breast-feeding are so obvious that it is surprising how little is the commitment of most health workers to it. (Ghosh, 1976).

Promoting infant formula

As the first of these accounts (from Nigeria) would suggest, there may be little to distinguish the style of promotion of infant formula from that of say chewing gum. Both traditional and other forms of promotion are used:

- Consumer advertising appears in all media. If not calculated to mislead — as some undoubtedly have been — the messages have been almost universally susceptible of misunderstanding.
- Consumer promotions, of the kind described earlier, are commonplace. In early 1978, for example, two of the three leading brands in Malaysia were fighting it out with rival offers of tea sets. (It was the sister in charge of a large maternity ward who told us that the teacup and saucer that came with six cans of **Dumex** was 'not so beautiful' as the one that came with **Dutch Baby**. These offers are *very* important to many people.)
- There are promotions directly through hospitals. The hospitals, typically, are given free samples, in exchange for which they may recommend or use a company's products, or allow company personnel some access to maternity patients.
- Doctors are also focal in company promotions — and with

clamp-downs on public promotions may in future become more so. Some would recommend, perhaps sell, a company's products direct to consumers; while others would be involved only indirectly. They might, for instance, be sent coupons by the baby-food companies, for distribution to patients who then get money off their next purchase. These patients would welcome the discount, and would also naturally interpret such a gesture as an implied recommendation.

- Finally, promotions may be directed at individual consumers. Uniformed "company nurses" or other staff may run clinics (see p.40) or go home-visiting as part of their sales efforts.

So, either directly or indirectly, the message inescapably gets through. It is certainly no safeguard to promote bottle-feeding exclusively "up-market" — for then poor people simply see it as evidence of the proper and better thing to do. An informant in Malaysia — one of a small group of breast-feeding mothers — told us of another (European) mother in that group who had quite startled her maid by breast-feeding her child. It wasn't that the maid thought that *all* Europeans bottle-fed their babies. It was that this mother could afford to buy the 'better' product, but had decided instead to 'do it on the cheap'.

Many other such anecdotes are supported by survey data. For instance, the afore-mentioned study of food habits in Calcutta (USAID, 1972) shows there is an inverse relationship between the "quality image" of branded baby foods and family income. In the lowest income group, 61 per cent rated branded baby foods 'good for the health of the child' against 41 per cent in the highest income group. This survey showed also that : 'branded foods were consumed by babies in households of almost all expenditure levels'.

But beyond this, it was not at all clear what exactly does go on in India. The evidence we were able to obtain was often confusing and contradictory; however, the impression gained was as follows:

1. Babies are almost exclusively breast-fed in rural areas — that is by the large majority of Indian mothers. Probably fewer than half of all mothers in major cities breast-feed exclusively but — apart from a small number of more affluent mothers — exclusive bottle feeding is rare. Neither the promotion, nor use, of infant formula is officially considered to be a serious problem.
2. Unusually for a developing country, about two-thirds of the infant formula market in India is controlled by a local manufacturer. Glaxo products probably have the next biggest share: about 15 per cent of the market, which is slightly more than the share held by the Nestle product,

Lactogen. **Lever's Baby Food** also has a small share of the market — perhaps 2½ per cent of the total. The total production of infant formula in India seems relatively low: it is probably about 17,000 tons a year.

3. This annual production looks extremely low when compared with evidence of use from surveys of bottle feeding. Assuming no serious error in the survey data, the discrepancy can be explained only if mothers buying infant formula use it either very occasionally — or very diluted. There is strong evidence of over dilution on a considerable scale — not only from these surveys, but from interviewees as well. For instance, we were told by a Bombay paediatrician — an advocate of bottle-feeding, who described himself as 'a good friend of' and 'very close to' the Nestle company — that it was 'very common' to hear mothers complaining that their children were passing a lot of urine, a direct result of over dilution. He attributed this partly to the cost of the products — but saw the major factor as poor hygiene and other malpractice. This doctor said he had seen 'unimpeachable amount of atrocities' — but blamed these entirely on consumers' ignorance and lack of education.

4. There appears to be far less advertising of infant formula than of supplementary (weaning) foods. On the other hand, cans of infant formula are obviously widely available, even in the smallest city food shops. The promotional effort is probably mainly directed at doctors — but we were told that company nurses operate in ante- and post-natal clinics (many private) and at the time of mothers' confinement. It was not possible to confirm this, and we do not feel sufficiently confident of our information to mention individual companies by name.

5. Finally, there is evidence of increased activity in this market. For instance, Glaxo recently followed Nestle's example in sponsoring a radio programme on baby care. Meanwhile Nestle have started advertising on television in the same vein.

Infant feeding in Malaysia

In Malaysia, the market for infant formula is dominated by Swiss (Nestle's **Lactogen**), Dutch (**Dutch Baby**) and American (**Dumex**) brands. The value of the market, around £9 millions, is about 40 per cent of the size of the market in India — which is considerable for a country with a population one-fiftieth the size. Indeed, the scale and impact of bottle-feeding in Malaysia prompted the Government in 1977 to start an official breast-feeding campaign.

Our information from Malaysia has mainly to do with the role of company representatives and nurses — worth mentioning, because they would

probably operate in much the same way anywhere, if given the opportunity to do so. We were able to learn about their activities at two hospitals—one public, one private—and also in home-visiting. In summary:

1. **The public hospital:** In this major public hospital—with about 150 maternity beds—company nurses until recently had unrestricted access to patients during their 48-hour plus confinements. According to the sister in charge, these company nurses were dressed as, and indistinguishable from, nurses employed on the staff. However, since the change in government policy (1977) patients have been able to tell the difference—in that company nurses now wear no caps. The company nurses used to visit the wards to see patients, usually daily to three times a week.

Though company nurses are now officially banned from the wards, they still sometimes come. If seen, they may be 'ticked off', and would then leave; the relationship between the company and staff nurses appears essentially friendly. However, the company nurses may not be seen—particularly when they come during visiting hours—because the hospital is very under-staffed.

The last time the sister said she saw a company nurse was 'last week'. Before the new policy started, she said she had seen British company representatives on the wards—but since we didn't get details about who came, and when, we cannot mention any company by name.

Company nurses were said to continue to have complete access to maternity clinics, where their promotional and educational literature was generally available.

2. **The private hospital.** In this hospital, in the same area, breast-feeding has traditionally been encouraged—partly because the establishment is run by a religious order. Our informant (a recent maternity patient) saw

Times of India: 1.12.78

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Rs. 100/- for three correct answers and Rs. 50/- for two. Each week, we shall be happy to invite three couples from the first ten couples who write to us.

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Comminuted Chicken Meat

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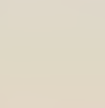
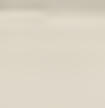
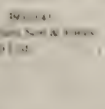
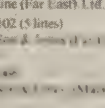
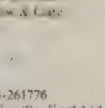
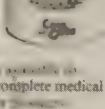
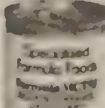
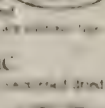
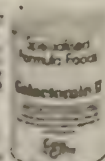
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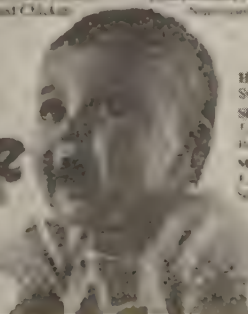
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no evidence of company nurses on the ward. However, on discharge from the hospital, she was given two free tins of infant formula — but only after she had filled in a card recording name and address and the date of the child's birth. On enquiring about this, our informant was told: (a) that free samples were not given unless and until the card was completed; (b) that the completed cards were passed on by the hospital to the company representatives — who were then able to make follow-up visits to the mothers' homes; (c) that a number of different companies rotated usually monthly on this system; and (d) that the hospital went along with all this, because the companies then provided them with badly-needed free products.

3. Home-visiting: Our informant got no follow-up from the milk companies, while those of her friends who did (all European and all breast-feeding) reported no pressure from the company nurses to switch to infant formula. Others have, though there is no evidence on how often this happens.

There is apparently one particularly effective way in which pressure may be brought to bear on mothers. When home-visiting, company nurses usually bring with them a weighing machine — something very few homes would be likely to have. The machine not only gives easy access to the company nurse; it may also directly provide the opportunity to recommend the company product. As a member of a Singapore breast-feeding mothers' group has written:

I was having no problem feeding the first (child) until I received a visit from a well-meaning representative of a commercial baby-milk company. She weighed my daughter, declared her underweight and advised me to offer formula after every feed.

My confidence was considerably shattered, and it was only after consulting both a Nursing Sister and Dr Spock's "Nursing and Child Care" that I was sufficiently reassured to ignore her advice. With subsequent babies, I refused even to let such visitors into the house.

Such resourcefulness and determination are probably very unusual — but without it there would probably have been another convert to the bottle in this case.

But overall, have things significantly improved since the heat of the infant formula scandal in 1974/5? Some progress may have been made, albeit only after intense pressure had been put on the companies concerned — and more important, only after lasting and incalculable damage had already been done.

Very little has been done to correct this — indeed it is widely

predicted that a forthcoming United Nations study concludes[27] that the measures taken by companies in the recent past have been substantially cosmetic — and may do little even to check present trends.

This is not to say that it is all the companies' fault — in that they might well wish things were otherwise. But there seems really very little ground for optimism so long as infant formula is promoted at all in developing countries in anything like the way it is now.

Count-down to migraine..

Migril

Indications The symptomatic treatment of migraine.

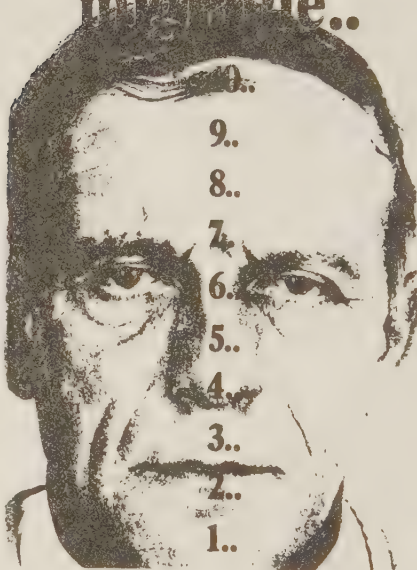
Dosage 1 to 2 tablets at the first warning of an attack, followed by 1 to 1 tablet at hourly or half-hourly intervals if required. The smallest effective dose should be chosen. Not more than 4 tablets should be taken during an attack, nor more than 12 tablets in any one week. Children should be given proportionately less.

Contra-indications and side-effects

'Migril' is contra-indicated in peripheral vascular disease, angina pectoris, kidney and liver diseases, pregnancy and febrile conditions. Rarely there may be undue sensitivity to ergotamine; if, therefore, a patient under treatment feels a sensation of coldness or aching in his extremities, he should take no more of the tablets. Side-effects include abdominal pain or fatigue in the limbs.

Presentation

Each tablet contains:
Ergotamine tartrate, BP 2 mg
Cyclizine hydrochloride, BP 50 mg
Caffeine hydrate, BP 100 mg
'Migril' Ergotamine Compound is issued as white, scored, compression-coated tablets.



Stop!



Full information is available on request
Burroughs Wellcome & Co., Dartford, Kent.
Wellcome (The Wellcome Foundation) Ltd

9. Drugs in Developing Countries

Between them, the drug companies have been accused of virtually every sin that transnational corporations (in the non-extractive industries) are known to be able to commit — short of attempting to overthrow a democratically elected government. In particular, they have been associated with some of the most extortionate cases of overcharging and profiteering; they have been involved in sometimes indecently aggressive marketing activity; and their emphasis on marketing has given them control over technology which, in many developing countries, is effectively complete. On top of this, a significant proportion of their products — probably upwards of one-third — are authoritatively described as either undesirable or unnecessary, or both.[28]

Obviously, many drugs do find extremely important applications in developing countries — just as they do elsewhere — and it would be wrong not to acknowledge that their effect on most individual recipients has probably been overwhelmingly beneficial. On the other hand, the role of drugs generally, in relation to basic development needs is certainly questionable.

The major health needs in developing countries arise from:

- Environmental deficiencies, which lead to poor or non-existent sanitation.
- Poverty which, in turn, largely accounts for:
- Malnutrition; and
- Disease.

Clearly, the first three of these problems cannot be overcome using drugs. Endemic diseases — and notably helminthiasis, malaria, tuberculosis and other (non-sexually) communicable diseases — could be treated on a piecemeal basis with drugs, but are mostly not. In any case, it would clearly be better to prevent and eradicate these conditions once and for all; this can be done, but it takes radical political and economic solutions to do it.

Expenditure on preventative health measures in developing countries has characteristically suffered as a result of disproportionate spending on drugs. Moreover, the value of drug expenditure — typically 20-50



Amoxil
wherever infection is found
in children

per cent of the total health budget — has been limited, because of unequal distribution of benefits, extravagance and waste. For example, although there is now a relatively well-developed domestic drug industry in India, where formal drug price controls have operated since 1970:

- Modern medicines do not reach an estimated 80 per cent of the population; at the same time, there is gross over-consumption of some medicines (especially tonics and vitamins) by relatively few.
- The drugs introduced by foreign sector firms do not meet the greatest local needs. The Indian Government's enquiry into the Drug and Pharmaceutical Industry (Hathi Committee, 1975) concluded, for example, that transnational drug companies: 'are interested in carrying out research only on products which will have a global demand such as tranquillisers, anti-histaminics, anti-hypertensives etc. and not on drugs for treatment of tropical diseases ... If in the course of their scheduled research the drugs synthesised by them show activity against tuberculosis, helminths etc. they are marketed as such.' This may be something of an exaggeration: on the other hand, in a study for UNITAR, Wortzel (1971) did find: 'Virtually all pharmaceutical research is conducted by the large multinational firms. I have been able to find no instances of substantial, serious research programs being undertaken by firms in the less developed countries.'
- The nature and scale of the marketing methods characteristic of TNC drug companies are neither justifiable in therapeutic terms; nor conducive to competition between drug companies on the merit of their products. Specifically, the Indian Hathi Committee (1975) has referred to the damage done by foreign companies which 'block others from producing ... drugs for a period of 16-20 years by invoking patent protection, din the brand names into the minds of the medical profession by employing a large force of medical detailers, resort to high pressure sales techniques ... and rig up prices to levels which have no relation to the costs of manufacture of products or international prices.'

These and related charges have already been widely documented (eg. in Haslemere, 1976; Heller, 1977; Lall, 1974; Levinson, 1975; Silverman, 1976 and Yudkin, 1977 and 1978) and will therefore not be described in any detail here. This chapter deals specifically with the question of the value of the information drug companies give about their products; and the influence of different marketing methods on doctors.

Drug information

When drug companies compete for the attention and favour of

doctors—rather than strictly on the merit of their products—not surprisingly, there is endless distortion of information. The UK's Special Commission on Internal Pollution (1977) has suggested that inaccurate information about the safety or efficacy of drugs is frequently produced from the moment that data-collection begins:

SCIP found that the problem (in drug toxicity testing) was not with the tests but with the testers. Many testers succumb to the human weakness of inefficiency and lack of conscientiousness... Many research scientists, by nature of their intense specialisation, are not qualified to correlate diverse results, to cross-refer or to recognise irregularities resulting from different testing techniques...

However, the researchers are not the only ones at fault. Clinical trials of new compounds conducted by physicians doing clinical trials in 1973 whose work was spot-checked by the Food and Drug Administration were guilty of a range of unethical practices, including giving wrong dosages and falsifying records. In one third of all the reports submitted, the trial was never done at all, in another third it did not follow the manufacturer's protocol and only in the final third were there results of any scientific value. In some cases the physicians were able to "take care" of patients in the US while attending meetings on extended European vacations.

Whether by accident, negligence or design such distortions persist the whole way through the information chain. According to Lall (1974): 'Many instances have been reported of excessive claims, suppression of information about side effects, or incomplete reporting of results; as is only to be expected in circumstances where profitability depends on such promotion, firms take their claims to the limits of scientific acceptability, and often exceed them.' The effect of this in developing countries is particularly disturbing—for as Wortzel (1971) has pointed out:

When attempting to enter LDC markets, firms quickly discovered that physicians' knowledge of pharmacology was by and large extremely poor, and that much of good medical practice in general was lacking.

Wortzel suggests (controversially) that, if the drug companies had not intervened, 'the state of medical knowledge would not have advanced nearly as much in developing countries'—though he adds that, now the educational job is largely done, the briefing of doctors continues 'not to support pharmacological education, but to induce brand preference.' But whatever has been achieved by way of education, it has certainly been marred by drug companies giving false and incomplete information about their products.

We are concerned here with just one aspect of the information

problem — namely the tendency of companies to provide more and more balanced information about their products in the West than elsewhere. Among others, the International Organisation of Consumers' Unions (1973 and 1975), Silverman (1976) and Yudkin (1977 and 1978) have all reported original research on this question. For instance, in a comparison of drug information given in Africa and the UK, Yudkin (1978) has reported:

Paediatric preparations of tetracycline are marketed by Lederle, Squibb, Pfizer, Lepetit and Boots without mention of the possible risks or the recommendation made in Britain, that tetracycline should not be used in children up to 12 years of age. Liothyronine ("Tertroxin", Glaxo) is promoted for the treatment of "lowered metabolic states" (in Africa), contrasting with the British ... indication of "severe thyroid deficiency". Methadone ("Physeptone", Burroughs-Wellcome) recommended in Britain for severe pain, is included in (the) African (prescribing guide) as a cough suppressant.

With this and one or two other exceptions, the analyses of drug information so far made have largely excluded data about the products made by the major British drug companies: Beechams, Boots, Fisons, Glaxo, ICI, Reckitt and Colman and Wellcome. We concentrated on these companies — though we also looked at products from Consolidated Chemicals, Medo-Chemicals, Napp, Pharmax, Rona and Wallace — comparing the information they gave about their products to doctors both at home and abroad. We looked at the information the companies supplied in recent editions of the British prescribing guide, MIMS (Monthly Index of Medical Specialities) and in equivalent guides circulated in Africa, the Caribbean and Middle East. (These overseas guides are also known as MIMS — e.g. **MIMS Africa** — but are not produced by the company that publishes the UK MIMS).

In addition, in India and Malaysia, we obtained detailed prescribing instructions, whenever possible; and we also checked information given in the official drug "data sheets" used in the UK. Where appropriate, reference was made also to the principal prescribing guides used in the UK (Physicians' Desk Reference, 1977); and in South Africa (MIMS Desk Reference, 1977/78).

The different MIMS guides, which are published (and revised) monthly or bi-monthly, and circulated free to doctors and hospitals, are compiled from details supplied by drug companies. They are important sources of information. Data from the Office of Health Economics (1977) suggest, for example, that for most doctors the UK MIMS is the single most important source of information about established drugs —

far more so than, say, medical representatives or other doctors' recommendations. MIMS is not an encyclopædia: it nevertheless has 'a widespread role as a reference book for prescribers' (OHE, 1977) and, more than any other source, is used by upwards of 75 per cent of doctors to check, for example, on the dose or strength of a drug or on drug contraindications (Eaton and Parish, 1976).

In third world countries, where there may be few if any readily available alternative sources of current drug information, there is good reason to believe that the importance of MIMS guides is greater still. Yudkin (1978) has written that the Africa MIMS 'is for many doctors the only source of up-to-date information on drugs, their indications, and side-effects.'

Comparing the different guides, many inconsistencies and omissions were found. Mostly, these appeared to work to the disadvantage of consumers in the third world. For example:

Information about dosage. In general, more (and more detailed) information was given in the UK than elsewhere — about minimum, maintenance and maximum doses; the division of doses; and also doses for children. There was some evidence — sometimes marked, sometimes less so — on higher drug dosages in developing countries. Normally, one would expect to find the opposite — for example, because of often lower body weights and the generally lower standards of health care in the third world. (A patient's response to a drug will partly depend on the concentration of the drug in the body — and for a given amount of drug, the concentration rises as body weight goes down. In addition, higher drug dosage may be more justifiable only when a patient's response can be closely monitored).

Here are some examples:

1. With some drugs, there are particularly important (safety) reasons for not exceeding a specified maximum dose — for instance, with **Ceporin** (a Glaxo antibiotic); **Maxolon** (Beecham, anti-emetic); and **Migril** (Wellcome, for the relief of migraine). In the UK MIMS, the recommended maximum for these drugs was stated; but not given in the equivalent publications in Africa, the Caribbean or Middle East.[29]

With **Maxolon**, it could reasonably be argued that a maximum dose was implicit in the prescribing instructions that were given. With **Ceporin**, there was some room for uncertainty — in that the instructions in one guide said 'lg or more twice or thrice daily' (our emphasis), when the maximum daily dose for patients over 50 years old should not exceed 4g. However, in the case of **Migril**, clear-cut differences were found:

Maximum weekly recommended dose	Where?
10mg	USA
12mg	UK
24mg	Africa, Asia

Many patients taking up to the highest maximum weekly dose (24mg) might be expected to suffer sometimes serious and unpleasant side-effects. Unfortunately, one of the more common side-effects is a migraine-like headache — which may not only be difficult to recognise as drug-induced, but may also prompt some users to increase their dose still more.[30]

2. While it may be difficult to be precise about (average) dosage levels, we were advised that there would be little or no justification for discrepancies seen — in which the range of doses suggested in the UK MIMS were lower than those suggested elsewhere.

With Glaxo's **Guanimycin Suspension Forte**, for example, the following dosage schedule was suggested in the UK MIMS, and was described in the official data sheet as 'being adequate for all but the more severe infections':

1 - 4 years old:	5 mls
5 - 9 years old:	5 - 10 mls
10 - 15 years old:	10 mls
Adults:	15 mls
(All four-hourly, before food)	

In the third world guides, however, the dose for children was suggested as 'Up to 15 mls'; and the adult dose was put at 15-30 mls, either every four hours, or 'every three to four hours'. (A further discrepancy was noted in the South Africa MIMS, where the adult dose was suggested as 20-30 mls). In an extreme case, therefore, the dose in the third world could be over twice that recommended in the UK.

In other cases differences were less marked — and may have been significant only because they went unexplained. There were a few cases for example of a dose being recommended as '1-2 tablets' in the UK, but '2 tablets' elsewhere — while with **Nydrane** (Rona Laboratories, for 'behaviour disorders') the following entries were found:

Suggested dosage	Information source
'Initially up to 6 tablets (sometimes up to 8 tablets) ...'	UK Data Sheet
'Initially up to 8 (tablets) daily ...'	UK MIMS
'Initially up to 9 (tablets) daily ...'	Other MIMS

3. The dosage that is recommended of course relates to what a drug is indicated for — and this in turn may depend on what market or use there is for it. For instance, in the UK, the Glaxo (Duncan, Flockhart) drug **Ancoloxin** was indicated simply for 'nausea and vomiting' — and the dosage was recommended as one or two tablets, to be taken two or three times a day. Elsewhere, however, the recommended dose was suggested as 2 tablets at night and, if required, one more in the morning — the reason being that in developing countries this drug is marketed mainly to control nausea and vomiting *in pregnancy*.

In our view, this drug **Ancoloxin** — rather like **Migril** gives evidence not so much of a double standard for consumers, but of a treble one. It is a view with which Glaxo has profoundly disagreed (for reasons stated in **The Pharmaceutical Journal**, 29 July 1978). At all events, the facts are as follows:

In America, under a requirement by the Food and Drug Administration, doctors are warned not to prescribe drugs such as *Ancoloxin* (Meclizine HCl 50 mg) to women who are or may become pregnant, "in view of the teratogenic effect of the drug in rats" (Physicians' Desk Reference, 1977). In other words, the drug has caused birth defects in rats, and might also therefore do so in humans.

In Britain, the official drug data sheet for *Ancoloxin* states: "Whilst drug therapy is undesirable during the first trimester of pregnancy the administration of *Ancoloxin* may be warranted if vomiting is severe". (The reference here to "vomiting" — as opposed to "nausea and vomiting" elsewhere — could in theory be significant. It just isn't clear). However, in the UK MIMS, no warning about the use of the drug in pregnancy was found.

In Africa (but not in South Africa) and in some other third world areas. *Ancoloxin* is primarily indicated in the treatment of nausea and vomiting of pregnancy. In India, we obtained detailed product literature about *Ancoloxin* — and these did not hint at the need for special caution in pregnancy or the possibility of teratogenicity. They said: "*Side Effects*: Meclizine HCl does not produce side-effects such as dry mouth and throat and reduced blood pressure. The substance has an extremely low index of toxicity even in amounts many times greater than the average therapeutic dose ..."

Glaxo has acknowledged that warnings in India and Pakistan have not been sufficient and has stated 'that the offending literature will be changed as soon as possible'. Elsewhere Glaxo has said that appropriate warnings are given.

Information on indications. There were many discrepancies also in the information given about what different drugs should be used for, and for whom. For instance, in the UK MIMS, though not in other places, several drugs were identified as not recommended for children. Among these were: **Pholcomed Forte** (Medo-Chemicals); **Pro-Actidil** (Wellcome);

Vivalan (ICI); and **Paramol 118** and **Onadox 118** (both Glaxo). Another Glaxo drug, **Dehydrocholin**, was said to be not recommended for children in the UK data sheet — though there was no note to this effect in any of the MIMS guides.

Similarly, the UK MIMS warns that tetracyclines (antibiotics) should not be prescribed during the latter half of pregnancy, nor for children up to twelve years of age. However, tetracyclines made by Boots and Consolidated Chemicals listed in some third world prescribing guides had dosage levels suggested for infants and children, and included no cautionary notes.

There were numerous cases in which non-essential drugs were being sold in developing countries but not in the UK; and also odd examples in which fundamentally different indications were suggested or implied in the different prescribing guides. For instance, Glaxo's **Phytoferol** was entered in Africa MIMS (until 1977) with indications for the terrifying sounding: 'Collagen disease, lupus, erythematosus, degenerative states of muscles and nerves and myasthenia gravis'. In the Caribbean MIMS, the same drug was (and, at time of writing is) described simply as 'Vitamin E Capsules'. So far as we could establish, Vitamin E deficiency states are very rare — even in poor countries — and this drug has no significant therapeutic value.

One other notable example of this was found. An amphetamine, **Dexamed**, (Medo-Chemicals) was indicated for narcolepsy (chronic sleepiness) in the UK MIMS, but for treatment of obesity in the Caribbean. The safety and usefulness of amphetamines in weight control are both very much in doubt.

However, the indications suggested in the third world guides, if they differed from those elsewhere, more typically simply elaborated on those suggested in the UK MIMS. Thus, the UK indication for Glaxo's **Paramol 118** was: 'persistent pain, particularly muscle pain, headache, neuralgia'. But in the 1977 Africa and Caribbean MIMS combined, the following *additional* indications were listed: fibrositis, lumbago, back pain, sprains and strains, dysmenorrhoea, dental pain, bursitis, trauma, and also 'in chronic rheumatic pain in patients who cannot take aspirin'.

Perhaps the main significance of this is that all this information is given in great and probably unnecessary detail — while important information about side effects or contraindications may be omitted altogether. For instance, with the above mentioned product, **Paramol 118**, the entry in Africa MIMS did not recommend against use by children, and made no mention of contraindication or warning for patients with impaired liver or kidney functions, during an asthma attack or in the

treatment of allergic disorders. These notes were included in the UK MIMS, but not in Africa MIMS.

Other examples in which warnings were omitted in third world prescribing guides included **Aprinox** (Boots) — though precautions in the UK MIMS were given for patients with kidney or liver insufficiency, for diabetics, and for people with gout or undergoing digitalis therapy. With **Fulcin** (ICI), **Grisovin** (Glaxo) and some other drugs, UK data sheets warned against prolonged treatment of infants, or during pregnancy — since very high doses of these drugs have caused foetal abnormalities in test animals, even if the relevance of this finding for humans has not been established.

Another example was found with **Melsedin** — a hypnotic drug made by Boots — listed in the three third world prescribing guides, though not in the UK MIMS. No contraindications or warnings for this drug were given in any of the third world guides. However, in the Physicians' Desk Reference, the active ingredient in **Melsedin** (Methaqualone HCl) is contraindicated for use in women who are or may become pregnant: 'Reproduction studies in the rat revealed minor but clear-cut skeletal abnormalities in the young'; it was also not recommended for children (yet dosage levels for children were specifically suggested for **Melsedin** in two of the guides); and the drug also has a known potential for strong dependence and abuse. (It should be added that Boots (UK) had been under the impression that this drug had been withdrawn worldwide in 1973/4; though they subsequently confirmed it was being made in India, where our sample was purchased earlier this year).

With every one of the possible or suspected teratogens mentioned so far, the different indications/contraindications found might *in part* be accounted for by legitimate difference of opinion about the significance of animal tests and related findings for man. However, with the Wellcome drug **Valoid** (known abroad also as **Marzine** or **Marezine**) there would seem to be less room for doubt — since the active ingredient (Cyclizine HCl) has been referred to in the Indian prescribing literature for another Wellcome drug (**Migril** — which also contains 50mg Cyclizine HCl per tablet) in the following terms:

Because of its Cyclizine content, Migril should be used with care in non-pregnant women of child-bearing age. A review of available animal data reveals that this drug exerts a teratogenic response in the rat, mouse, rabbit, pig and dog. While available clinical data are inconclusive, scientific experts are of the opinion that this drug may possess a potential for adverse effects on the human foetus.

Despite this, **Valoid/Marzine** entries in the third world prescribing guides included no cautionary note about use in pregnancy. Warnings were given in UK MIMS and in the South African guide—though, curiously, were not found in the Physicians' Desk Reference (1977).

There is one other Wellcome drug worth mentioning as well—because whether significant or not at least the difference in prescribing instructions was absolutely clear. Wellcome's **Magmilor**, used in the treatment of some vaginal infections, is supplied both in tablet and in pessary form. In the UK MIMS, the precautions stated that (localised) treatment with the pessary should be given for women in the first 16 weeks of pregnancy. However, in Africa MIMS, the equivalent cautionary note suggested use of the pessary for only the first 12 weeks of pregnancy—leaving a lower margin of error.

To conclude, we found sometimes serious discrepancies in the information given by some drug companies in the prescribing guides used in the UK and in developing countries—and sometimes also between the guides used in the US and the UK. In general, the UK Physicians' Desk Reference gave much better and fuller information than did UK MIMS—which in turn generally gave much better and fuller information than was available in the Africa, Caribbean and Middle East MIMS.

There were some exceptions to this general rule—not only in the quality of information provided in the different publications, but also in the quality of information provided by the different firms. We cannot compare the performance of different companies overall, because this would involve complicated and endlessly arguable assessments of the significance of different bits of information given or omitted. Such a comparison would be complicated too by the fact that some firms had few drugs listed, and others many more. In the circumstances, we invite readers to judge the cases mentioned on their individual merits (or lack of them).

Beyond this, it remains only to say that, when contacted (immediately before we went to press) the companies most concerned said they either were (or would be) reviewing the position—with a view to standardising information about their drugs, world-wide.

Promotion to doctors

As we said earlier, apart from the fact that such product instructions may mislead doctors or consumers, they are significant also for what they say about the companies concerned. This is particularly important here, because it is not at all easy to discover how drug information is

communicated in other ways — and notably through the company representatives (detail men) who visit doctors and hospitals to persuade them to use their products.

But we did talk to senior marketing executives in one major Indian drug company; also to Boots and Glaxo in India; and to a number of physicians and pharmacists as well — to get some idea of the promotional methods and messages that are used. Our information about Malaysia is more limited — but such as there was did suggest the situation to be much the same.

Most of the promotional methods used by drug companies are fairly well known: they range from advertising in medical journals to leafleting individual doctors; from sponsoring medical events to providing ‘hospitality’ for individual doctors; and from sampling to providing gifts. The overall effect is to woo doctors, as well as to inform them.

Probably the single most important part of drug promotion in the third world is sampling — that is, giving doctors free samples of companies’ products. In India, according to the Hathi Committee (1975) the scale of sampling has been ‘lavish’, and has ‘degenerated into a rat race among manufacturers’. Sampling has a particular significance in India, since the large majority of GPs dispense the drugs they prescribe[31] — and may therefore charge their patients for drugs they have acquired free. (This practice would be facilitated by the tradition of charging patients for the prescription, but not for the consultation, as such. In addition, this practice would certainly encourage the prescribing of drugs generally.)

We were reliably and widely informed in India that sampling abuse had enabled some doctors to accumulate ‘literally roomfuls’ of drugs, which were later sold to wholesalers. We heard also of doctors who had accepted substantial gifts from drug companies — including reportedly, refrigerators, air conditioners and cars. What was not clear was the extent to which corruption had reached the medical profession as a whole — as opposed to a few mal-practitioners. One senior marketing executive we spoke to — who had every incentive to play down the situation — said after some thought that he considered the number of doctors who were honest to be ‘a microscopic minority’. Others thought this more or less exaggerated — so what does happen is unclear.

Both Boots and Glaxo claimed to be conservative in their promotional methods; and Boots particularly so. Boots said they did not give gifts to doctors at all; while Glaxo said they did sometimes give small presents but nothing more. Their marketing manager valued these at about 15p per doctor in general promotions; and 70p per gift in selective

promotions. Both companies provided doctors with free samples — though it was impossible to establish on what scale. Boots went so far as to say they couldn't operate effectively without sampling; while Glaxo suggested their representatives gave samples to doctors probably on about one visit in every three.

However modest these two companies' promotional methods may be, the scale of their operations is considerable. Glaxo, for instance, has a sales force of around 500[32] — and Boots of around 200. If Indian Government sources are right in thinking that the medical profession there is manipulated by foreign drug companies, this marketing input must certainly play a significant part.

Whatever happens, the influence of the pharmaceutical companies over doctors is greatly increased by their ability to closely monitor what individual doctors are prescribing. Partly this is done by checking what the dispensing doctor orders. Otherwise, the drug company representatives can go to chemists — where doctors' prescriptions may also be filled — to examine the doctors' prescription chits.

Glaxo said their representatives did make such checks on chemists, informally — while the company's Head of Public Relations (who didn't know about this practice) said they probably shouldn't if they did. Boots, on the other hand, denied that they or any other foreign drug company monitored prescriptions in this way — though three different chemists in Bombay, when questioned, said that Boots (among other foreign companies) did. It may be that some Boots representatives did so without the Company's knowledge and approval.

Another promotional practice, described by one of the British companies as practiced commonly by some others, involves the 'kick back' of one Rupee (about 7p) to doctors for any prescription they write for the company's products. This compares with what is described as 'the long-standing practice of "sample bonusing"' in Malaysia — whereby the GP buys, say 100 tablets from a company representative and gets a bonus of 20 tablets (ie. a 20 per cent discount) on top. Both practices closely parallel trade discounting in the UK and elsewhere.

However, it is difficult to say just how far all this influences prescribing habits — though there is certainly plenty to worry about. In India, for instance, an estimated 12 per cent of all prescriptions for antibiotics are for the common cold — which can do no good, only harm. On the other hand, the situation is probably much the same in the UK. There is however one example of malpractice — common to many developing countries — for which both doctors and drug prices might be blamed. It was described editorially in the *Asian Journal of Medicine*

Vol. 8 No. 2; Feb. 1972. p.2) in the following terms:

In the underdeveloped countries of this region, antibiotics are all too often prescribed without true justification. But at the same time, they are often administered for too short a period of time. While the accepted criterion for the efficacious administration of an antibiotic is a minimum of four to five days, such a dosage frequently exceeds the financial resources of the Asian patient. Consequently, a drug considered in the West to require 16 to 20 tablets to effect a cure is often prescribed in Asia in a total of four, eight or twelve tablets, according to the patient's ability to pay.

Such malpractice is facilitated both by the fee-charging system (which often tells the patient nothing about the cost of the drugs) and also by what is understood to be the standard practice of not telling patients what they have been prescribed. We understand doctors will refuse such information, even if asked: it's a question of "medical confidentiality" — and like so many other unjustified resorts to secrecy, it clearly sometimes disguises abuse.

So, while the situation overall is somewhat confused, and the role of individual companies often uncertain, the general impression is anything but reassuring. Clearly the drug companies concerned are themselves responsible for putting out misleading and/or incomplete information about their products — as a number of British companies have been shown to do. The companies are also partly responsible for marketing drugs which mostly do not meet basic development needs. Boots is probably a better company than most in this respect: they told us with some pride that some 30 per cent of their output was in the essential drug category — which leaves 70 per cent which are not. On top of this, the drug companies between them have much to answer for the apparent corruption of the medical profession — albeit to an extent unknown.

This still leaves a great many questions unanswered — perhaps the most important of which has to do with the nature of business and competition itself. In a market of predominantly "me-too products" — where the impact of price-cutting is demonstrably slight, and where in the end consumers in effect buy what they are told and sold — how can any company compete effectively without approximating to the lowest of the standards observed?

On our evidence, it is a very big "if" — but *if* British companies are what they would claim to be, and their competition is as described, their choice in the long term would seem to be either to side with the devil, or to go under in the deep blue sea.

10. A Postscript

It will be clear from what has already been said that — whatever good may come of it — the real problems are not going to be solved by manufacturers coming clean about their products. The fact that they don't, even less in developing countries than in the UK — in many cases amounts really to insult on top of injury. In relation to the underlying and overwhelming problems — of poverty, malnutrition and disease; national and international inequalities and injustice; the power of transnational corporations, and the nature of business methods and motivations more generally; let alone the fundamental contradictions between trade and aid policies — the issue we have picked on is relatively very small.

At least this report may provoke thought on some of these wider issues. But it cannot do more than this; and our conclusions relate simply to the main issue under discussion.

The reason for criticising or concluding anything at all of course relates to the need for and possibility of practical improvements. But they arise also because of the principle of the thing: some of the practices we have described would seem to warrant action for their sheer tastelessness, dishonesty and insensitivity alone.

Certainly, these practices cannot be dismissed or excused as exceptions to some better general rule. The style of the deceit is all too familiar (look back at advertising standards in the UK, 20 years ago or more) and it is far too consistent to be excused as isolated occurrence.

For the companies concerned there can be few excuses, but of course they will be given. Indeed, on past form the following can be tipped with some confidence:

1. Companies may say they abide by the laws of the countries in which they operate. In many cases, this is the same as saying that they don't break laws which don't exist. It tells you nothing about the real point at issue: whether companies behave as society would wish them to behave or as they would wish to be seen to behave; and whether they could behave any better than they do.
2. Companies may say that the performance of their affiliate or

subsidiary companies — which may not even be majority owned — is essentially a matter for local management. The point about ownership is largely irrelevant — since the issue is not ownership but control. Effective control can be — and frequently is — exercised with a small minority ownership, provided the rest of the equity in the company is not concentrated in other hands. So, the question is, why control over marketing is not exercised — as it certainly is, say, when poor sales or profit figures are involved.

4. And failing all this — or perhaps in addition to it — companies may roll out their public relations people. Their job so often seems to be to defend the reputation of the company — but not the practices themselves. There is a clear distinction between the two, but it is not often observed.

The reason for many of these practices is basically opportunism. They are not the result of calculated exploitation — so much as of single-minded, and narrow-minded preoccupation with business. These practices may happen whenever and wherever they are allowed to happen; and when it is convenient and advantageous that they should.

But why, at this end, is it allowed to happen? Partly, it is through default: opportunism, carelessness and indifference certainly have something to do with it. But it is also a question of design — for example, there is our national preoccupation with (and dependence on) exports and overseas earnings.

Support for exporters is natural and universal enough — but on top of this there seems to be a national mindlessness about exporting as well. This is perhaps best symbolised by the Queen's Award Programme, whose guiding principle on export achievement has always seemed to be: "never mind the quality, but feel the width". It seems absurd to us that companies exporting, say, death (as arms or tobacco) should be rewarded or honoured at all — let alone in the same way as companies involved in more constructive pursuits.

This one standard — relating to volume and value of exports — stands in place of all others. But why? Why is it for example that the Ministry for Overseas Development has apparently not concerned itself with the question of overseas trading standards at all? And why has nothing been done by the Department of Trade? When we asked why, and what guidance there was on such issues, they did not even mention the Code of the International Chamber of Commerce, perhaps confirming a point we have already made: that the practical value of this code is probably very slight indeed.

We found nothing relating to standards of business behaviour in the

Department of Trade's series of booklets, **Hints to Businessmen** which give country-by-country analyses of opportunities for export. These guides go so far as to warn against the use of certain forms of local transportation 'for those of nervous disposition' — yet give no hint about the moral and related issues with which exporters and other British trade representatives might be concerned.

And, so far as we could see, the same was true also of the syllabuses used for the teaching and training of exporters. There are many such courses, most leading to a qualification from the Institute of Export. None seemed to have anything to do with the question of conduct in international trade.

This absence of standards — and the apparent lack of concern about their absence — suggests an important task for the appropriate Select Committee of the House of Commons. Not only does the situation demand it, but the demand could in some measure also be met — just as it was over the question of British companies' employment practices in South Africa.

For our part, we want and hope to pursue this issue much further — and given the resources we shall. We would welcome help in this. If you can help — with comments or suggestions on this report, and advice and fuel for the others that should follow — *please* get in touch with us.

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1. British data from Government Statistical Service (1977). Other data from *Handbook of International Trade and Development Statistics* (New York: United Nations, 1976); and from George (1976); and Barnet and Müller (1974).
2. *Drinks International* (August, 1977) p.6.
3. The "Development Assistance Countries" are: USA, UK, France, Netherlands, Canada, Federal Republic of Germany, Japan, Italy, Belgium, Switzerland, Sweden, Australia, Portugal, Denmark, Norway and Austria.
4. Cited in Humble (1975) p.5.
5. Cited in Barnet and Müller (1974) p.149.
6. *Malaysian Business* (January 1974) p.59.
7. Cited in Barnet and Müller (1974) p.182.
8. This definition is given by Merrill R.S. (in) Sills D.S. (ed.) *Encyclopaedia of Social Sciences* (London: Macmillan, 1968). This definition is discussed also in Stewart (1976) p.1; and in Wortzel (1971) p.2.
9. These are the figures mentioned in Stopford and Wells (1972) p.111.
10. These data believed to originate from Corcoran and Tyrrell Ltd, Nairobi, Kenya.
11. From Harper (1975) p.216.
12. See: Sauvant and Lavipour (1976) and also Schiller (1971).
13. We have no evidence to suggest that the situation described by Budd (1963) either has or has not changed.
14. And notably in UNICEF (1977).
15. Of the 14 different products involved, the three known survivors happened also to contain the lowest proportions of protein. Galliver does not discuss the significance (if any) of this.
16. Thomas J. Watson — cited in Barnet and Müller (1974) p.175.
17. The subject of corruption is also discussed in some detail, for example, in Bloodworth (1975). The account given here has been abridged and also slightly edited — but mainly to preserve the anonymity of the informant.
18. Cited in *The Guardian* (5 January, 1973).
19. The list of indications shown on the bottle of *Woodward's Celebrated Gripe Water* that was illustrated in this (1970) advertisement corresponds to the list given in British Medical Association: *More Secret Remedies* (London: BMA, 1912). p.149.
20. The recent closure of the Brand's plant in Hartlepool gives evidence of this — but clearly the fact that Brand's Essences are now re-imported to Britain does mean that there is still a sizeable market here.
21. Cadbury-Schweppes provided no hard evidence in support of this claim for *Bournvita*. Two studies were cited by Beechams as the basis of their claims for *Horlicks*. These present rather questionable findings, which might be interpreted as follows: light food taken shortly before going to bed may improve the quality of sleep. Though better than many, *Horlicks* is one of several which may have this effect.
22. In some places, fortified with calcium and iron.
23. See, for example, reports in the *New Internationalist* from October 1973: back numbers and subscription details from 62a High Street, Wallingford, Oxon. OX10 0EE. See also reports by War on Want, Muller M., and Greiner T. referred to in the bibliography. Numerous statements and campaign reports have also been made by the

- Interfaith Centre on Corporate Responsibility: Room 556, 475 Riverside Drive, New York, NY 10027, USA. Our account draws heavily on these reports, and on other research referred to in them.
24. Statement by the International Council of Infant Food Industries (in) *PAG Bulletin* (Vol. 7 No. 3/4. New York: United Nations Protein Advisory Group, 1976).
 25. *S-M-A* promotional literature (published in the UK by John Wyeth & Brother Ltd) around 1972.
 26. In *CASE Bulletin* (October/December, 1977). *CASE Bulletin* is published by Consumers' Association of Singapore, Trade Union House, Shenton Way, Singapore 1.
 27. The UN study referred to was carried out by the Swedish Institute for Marketing Study, under the direction of Professor Bo Wickström. Some indication of the study's conclusions are given, for example, in the profile of Wickström by Lee Coppack in *Campaign Europe* (1 May, 1978) pp.20-1.
 28. See, for example: *The Selection of Essential Drugs*—report of a WHO Expert Committee (World Health Organisation Technical Report Series No. 615, 1977). This Committee's model drug list consists of some 200 preparations—a very small proportion of the total number of pharmaceutical preparations available. In addition, the Committee of Enquiry into the Relationship of the Pharmaceutical Industry with the National Health Service; Chairman, Lord Sainsbury (London: HMSO, 1967) estimated 35 per cent of pharmaceutical products available on NHS prescriptions to be 'undesirable preparations'.
 29. It should be clear that not all of these three drugs are listed in each of the three prescribing guides.
 30. See, for example: Rowsell A.R., Neylan C., and Wilkinson M.: 'Ergotamine Induced Headaches in Migrinous Patients' (in) *Headache* (Vol. 13 No. 2; July 1973). Wellcome responded to advance publicity on this particular case, saying it was their policy to standardise prescribing information worldwide. So hopefully changes will be made in the future.
 31. The same is true in Malaysia and elsewhere.
 32. This includes the sales force for "Allenbury" drugs and for veterinary products. It is very difficult to know how to put these figures in perspective—but there are about 143,000 doctors in India; and the total number of Government drug inspectors was 305 at the time of the Hathi Committee report (1975) and this committee recommended the number be increased to 575. (What we don't know—and would need to know—is the number of prescribing doctors visited by Glaxo, Boots and other medical representatives; it would certainly be considerably less than the total number of doctors in India).

Public Interest Research Centre Limited

9 Poland Street London W1V 3DG

Tel: 01-734 0314/0561

D.S. Boyle
Coordinator for India
Beecham Products International
Brentford
Middlesex

25 June 1978

Dear Mr. Boyle,

For the past year I have been carrying out research into the advertising and marketing of UK food and drug products in Commonwealth Developing Countries - but particular reference has been made to India and Malaysia. The study has been sponsored mainly by the International Organisation of Consumers' Unions, and is to be published very shortly.

I am writing now to ask if I might check something with you. We have been looking at a number of Beecham Products, among them Horlicks - for which I understand you take particular responsibility. And, in this connection, I wonder if you would agree to comment on and/or clarify the following statement made to us by a contributor to this study. This person writes:

"I remember seeing papers given by the overseas division which horrified me ... They were extremely proud, four years ago, of their advertising in India where the retail price of a jar of Horlicks was very high in UK terms, let alone in relation to the Indian cost of living. Cinema advertising showed a mother taking a sick child into the doctor's surgery. The doctor, complete with stethoscope, wrote out a prescription for Horlicks. At the time, the approach was so successful that the overseas marketing department showed it to a group of other manufacturers as part of a Market Research Society seminar on researching a test market ..."

I am particularly interested in the comments made about the advertising film, and I would be grateful if you would comment on this; however, may I specifically please ask:

1. If I may see this film ?
2. When the film was last shown (or, if it has been discontinued, when and why - and what has it been replaced with ?)

I would be most grateful if you would consider this request in the near future; and I shall look forward to hearing from you.

Yours sincerely,

Charles Medawar

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A Division of Beecham Group Limited Registered in London: 227531 Registered Office: Beecham House Brentford Middlesex

DSB/dyl

14th July 1978.

Mr. C. Medawar,
Public Interest Research Centre Ltd.,
9, Poland Street,
LONDON,
W1V 3DG

Dear Mr. Medawar,

It is rather unusual to be asked to comment on a statement by an anonymous contributor when you have almost completed your study, and when it is to be published 'very shortly'. I would have expected to hear from you while your enquiry was still in progress.

Your contributor presumably knows that the day-to-day responsibility for the Horlicks business in India is held by Hindustan Milkfood Manufacturers Limited in which Beecham holds 60 per cent of the equity (due shortly to fall to 40 per cent). Hindustan Milkfood Manufacturers Limited are therefore responsible, among other things, for the advertising and pricing policies to which you refer.

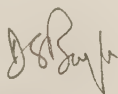
I believe that it is misleading to try to make a strict price comparison between the U.K. and India when exchange rates vary over a period, when the sources of raw materials and components for Horlicks are completely different between the two countries, and when the overall tax rates in India are higher. The main reasons why the retail price of Horlicks manufactured in India is dearer than in the U.K. is because the cost of production is higher and because larger sales taxes are levied. Horlicks manufactured in India is made from buffalo milk which is more expansive than cow's milk in the U.K., and bottles, cartons and transport costs are also higher in India. The product has, for example, to be sent anything up to 1,000 miles across India.

It is a fact that hospitals and doctors in India recommend Horlicks as an easily digestible and nutritious food, particularly given that the availability of milk in large parts of the country is insufficient. Horlicks is advertised as a nourishing food drink and as a valuable dietary supplement and as such it could contribute towards recovery from an illness. Horlicks advertising does not suggest that it is a cure for an illness requiring medication. The advertising film in question, of which we do not have a copy of in the U.K., did, of course, also comply with Indian regulations.

To give a balanced picture of Horlicks in India your anonymous contributor might also have mentioned the farming development programme undertaken by Hindustan Milkfood Manufacturers Limited to raise milk yields; the guaranteed price system to help raise farmers' incomes; and the supply of cattle feed at subsidised prices.

If you are going to refer in your study to Horlicks in India I think it would be courteous to let us see your draft so that we can have the opportunity in consultation with Hindustan Milkfood Manufacturers Limited of commenting on it.

Yours sincerely,



D.S. Boyle

Public Interest Research Centre Limited

9 Poland Street London W1V 3DG

Tel: 01-734 0314/0561

D.S. Boyle
Beecham Products International
Beecham House
Brentford
Middlesex

21 July 1978

Dear Mr. Boyle,

I am writing briefly to acknowledge, with thanks, your letter of 14 July, and for the information you gave about the promotion and price of Horlicks in India.

You mention you would have expected to hear from us at an earlier stage of this enquiry; at the same time you make the point that day-to-day responsibility on the issues we enquired about rest with Hindustan Milkfood Manufacturers. This will explain why local enquiries were made, and why we approached you only on the question of your response to the Horlicks-India advertising film. Incidentally you didn't actually tell us (a) if the doctor did actually write out a prescription in the film; (b) if Horlicks is so prescribed - as you assured me in our telephone conversation that it was; or (c) if the film is still used - and if not, what has replaced it.

Nevertheless, we shall reproduce your response in the report we shall be publishing before too long.

Yours sincerely,

Charles Medawar

A Registered Charity

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Social Audit

Social Audit Ltd. is an independent, non profit-making organisation concerned with improving government and corporate responsiveness to the public generally. Its concern applies to all corporations and to any government, whatever its politics.

Social Audit Ltd. is also the publishing arm of *Public Interest Research Centre Ltd.*, a registered charity which conducts research into government and corporate activities.

These two organisations are funded mainly by grants and donations and through the sale of publications. Their work has been supported mainly by the Joseph Rowntree Social Service and Charitable Trusts. In addition, support for individual projects has been received from The Social Science Research Council, the Ford Foundation, Consumers' Association, The Allen Lane Foundation and other individuals and institutions.

The name *Social Audit* derives by analogy: if there are financial audits — regular reports on the way a company performs its duty to shareholders — why should there not be 'social audits' — reports for employees, consumers, indeed for everyone affected by what a company does?

But *Social Audit* is not only concerned about companies; it believes that democracy is debased by lack of accountability in government and in any other major centre of power. *Social Audit* argues that people must be allowed to know about the decision-making done in their name — and must then be allowed to play the utmost part in controlling their own lives.

Between 1973 and 1976, our reports were published in the journal *Social Audit* which was made available only to subscribers. Reports are now published on a one-off basis and made generally available.

Each issue of the journal *Social Audit* contains three reports — or their equivalent — and each report runs from about 5,000-10,000 words in length.

If you would like to place an order or receive further information, please write to *Social Audit Ltd.*, 9 Poland Street, London W1V 3DG, England.

Contents of Reports 1973-1978

SOCIAL AUDIT No. 1 £2.00 plus p&p

The Case for a Social Audit argues for the systematic, independent monitoring of corporate social performance. The report makes a case for direct public and consumer involvement in corporate affairs, and it looks critically at the role of shareholders who — when it comes to social issues — have taken an unearned income for unassumed responsibilities.

The Social Cost of Advertising examines advertisers' preoccupation with human motivation in buying — rather than with the qualities in a produce worth selling. The report scrutinises the voluntary advertising control system and finds serious and widespread weaknesses in it. It argues for a drastic revision of standards and for complete overhaul of the control system.

The Politics of Secrecy is by James Michael, an American lawyer (ex-Nader) and an expert in freedom of information issues. Michael describes his work in Britain in trying to uncover the ultimate secret — the extent of secrecy in government. His report explains how secrecy is calculated to secure political advantage to the consistent disadvantage of Parliament, Press and the public — and it puts the case for a 'public right to know'.

SOCIAL AUDIT No. 2 £2.00 plus p&p

Company Law Reform examines the existing, proposed and desirable minimum requirements for the disclosure of information by companies. The report evaluates government proposals for requiring companies to disclose more information, in the light of the government's own record on secrecy — and it identifies some 60 areas in which companies should be required to make public more information about their work.

Arms, Exports and Industry outlines the involvement of some 50 British companies in military contracting, and examines their relationship with the Government Defence Sales Organisation. The report also describes how secrecy has been used to obstruct Parliamentary control over British arms export policies; it concludes that the case for public scrutiny of the 'defence' business, and its effect on the progress of disarmament, is overwhelming.

Something on the Press looks at the way in which several major newspapers recently handled a front-page story. The report describes some of the difficulties reporters face when trying to produce copy to tight deadlines. It describes how, in trying to get round these difficulties, many papers seem to create 'fact' from fiction; make sweeping and unwarranted assumptions about the course of events; mould the story and angle it to what are presumed to be readers' tastes; and then let the news perish, uncorrected and unfinished.

SOCIAL AUDIT No. 3 £2.00 plus p&p

This issue is devoted entirely to a 30,000 word report on the major UK engineering group, *Tube Investments Ltd.* The report describes the performance of this company under 12 main headings: business operation; company 'philosophy'; disclosure of information; employee relations and conditions of work; minority hiring practices; race relations; health and safety at work; overseas operations; safety, quality and reliability of consumer products; military contracting; environmental responsibilities; and donations to charitable causes.

The report examines the Company's work in each of these areas — so far as was possible without co-operation from the management — and describes what was good, bad or indifferent in each case. The report also discusses some of the general problems and possibilities that might be involved in the assessment of corporate social impact, by means of 'social audits'.

SOCIAL AUDIT No. 4 £1.50 plus p&p

Shareholders put to the Test looks at the theory and practice of 'shareholder democracy'. It also describes the response *Social Audit* got from a carefully selected sample of 1,000 shareholders in *Tube Investments Ltd.*, when trying to table two simple resolutions on social issues, for consideration at the Company's 1974 AGM.

The Unknown Lowson Empire examines a part of the financial empire of Sir Denys Lowson and its impact on a small mining community on the Kentucky/Tennessee border in the U.S.A.

THE ALKALI INSPECTORATE £1.50 plus p&p

The Alkali Inspectorate is the government agency responsible for the control of most industrial air pollution. The report on the work of this body examines the way in which it sets and enforces standards and describes the Inspectorate's relationship with local authorities and the public. The 48-page report also examines the confidential relationship between the Inspectorate and industry, and perhaps says as much about the style of government in Britain as it does about the Inspectorate itself.

SOCIAL AUDIT No. 5 £2.00 plus p&p

The report on *Cable & Wireless Ltd.* — a publicly-owned corporation — describes the disastrous consequences for the Company of an irregular and unwise involvement in new and unfamiliar business. It explains how, in extricating itself, the Company succeeded in

covering up losses amounting to over £2 million. The report also demonstrates how such concealments are facilitated by present auditing and accounting standards.

Advertising: the Art of the Permissible evaluates advertising standards and practice in the light of the attempts made by the industry to strengthen its voluntary control system. The report suggests that the changes that have taken place — though sweeping — remain inadequate to the needs of the present, and certainly to those of the future.

Notes in this issue briefly review seven topics relating to business and government responsibilities.

SOCIAL AUDIT No. 6 £2.00 plus p&p

The *Notes* feature reviews at some length industry and government action and inaction on the question of smoking and health. It also follows up with more information on the affairs of the *Cable & Wireless* group, and calls for a public examination of the Company's affairs by the Parliamentary Select Committee on Nationalised Industries. (This Committee subsequently carried out an enquiry into the Company's work.)

Coalite & Chemical Products Ltd. is the UK's major producer of domestic solid smokeless fuels. The Company was chosen as the subject of a full Social Audit enquiry both because it plays a key role in the implementation of national clean air policy, and because it carries on operations which are potentially harmful to employees, and which cause serious environmental pollution in the neighbouring communities.

Social Audit's report on *Coalite* runs to some 20,000 words in length and concentrates on an examination of the Company's record in employee relations, health and safety at work, environmental pollution and community and consumer relations.

The report describes how the Company brought badly-needed jobs to small mining communities, but at considerable cost to the local environment. It examines in detail the ironical situation whereby households near the plants that manufacture smokeless fuels should be among the last to enjoy the benefits they can bring.

SOCIAL AUDIT Nos. 7 & 8 (double issue) £4.50 post free (US \$10 post free; \$13 airmail)

The Spring 1976 edition of *Social Audit* is devoted entirely to a report on *Avon Rubber Co. Ltd.* This 100,000-word report represents a unique, if not definitive, attempt to describe the major social costs and benefits of financial profitability in one of the largest public companies in the UK.

The investigation of *Avon Rubber* is the first ever of its kind. It was carried out by *Public Interest Research Centre* on its own initiative and at its own expense — but the research team was given extensive co-operation both by the company's management and by the trade unions concerned. It is believed that no other company in the world has ever agreed to co-operate in such an investigation on these terms.

The *Social Audit* report critically examines *Avon's* operations under at least 50 different headings. It reveals information which is both a credit to — and damning of — the company. But, above all, the report makes public information about *Avon* which virtually any other company would insist be kept secret.

However, the significance of the report on *Avon* goes far beyond the revelation of information about this company's work. The report not only identifies many 'yardsticks' that might be used in assessing corporate social performance. It also focuses attention on some of the major problems and possibilities for industrial democracy in a traditional but 'progressive' British company.

The report on *Avon Rubber* is the last in *Social Audit's* journal series of reports.

THE SOCIAL AUDIT POLLUTION HANDBOOK: How to Assess Environmental and Workplace Pollution, by Maurice Frankel. (London: Macmillan, 1978). Available in softcover (£3.95) or in hardback (£10) from *Social Audit* or from booksellers.

This Handbook has been designed as a layperson's guide to information about toxic hazards occurring inside factories, in the outside air, in rivers and in drinking water.

The Handbook has been written, in particular, for workers and their representatives, for

people living near polluting factories, and for anyone concerned with the social and environmental impact of industry. It attempts to show readers who have no special scientific knowledge how to uncover, interpret and use information about the toxic hazards found in or around industry.

The Handbook explains how to find out:

- (1) What substances are used in or discharged from a particular factory.
- (2) What concentrations of toxic substances exist inside, or in the air and water around, the factory.
- (3) Whether the concentrations of pollution inside or around the factory are likely to harm human health or damage the environment.
- (4) Whether factories are complying with legal standards regulating the discharge of pollution.
- (5) How much protection official 'safe limits' really give.

This Handbook is designed to help workers and other members of the public find and understand information about hazards from industry; and having understood it, be able to appreciate, question, and if necessary protest at the actions of those responsible for controlling hazards on our behalf.

THE SOCIAL AUDIT CONSUMER HANDBOOK: A Guide to the Social Responsibilities of Business to the Consumer, by Charles Medawar. (London: Macmillan, 1978). Available in softcover (£3.95) or in hardback (£8.95) from Social Audit or from booksellers.

The consumer movement has traditionally been concerned with the question 'which?' rather than the question 'why?'. It has critically examined the products consumers may buy, but has not gone far beyond, to investigate the means and motives of those who make and sell those products. This Handbook, by contrast, looks at business activity head on, with the interests of consumers in mind.

This Handbook is concerned generally with the social impact of business behaviour: it explains the case for social audits, and also shows what such an audit might entail. What are the basic standards that could and should be used to assess a company's performance? How can a company's accounts show not only the cash a company spent or earned for itself — but also what, in social terms, it cost or gave to the community? In answering these questions, the Handbook gives detailed advice about getting and using information about what companies do — in the name of consumers and at their expense.

The Handbook not only identifies numerous indicators of business performance. It also exemplifies good and bad practice — in product design, manufacture, packaging, marketing and after-sales service. The chapters devoted to each of these topics begin with an explanatory text and conclude with detailed checklists.

Report of an Enquiry into the Effectiveness of Disclosure of Information on Toxic Hazards to Workpeople, by Maurice Frankel. For publication in Spring/Summer, 1979.

'Under the Health and Safety at Work Act, employers and factory inspectors are required to provide information to employees on the toxic hazards of substances used at work; the manufacturers of such substances must ensure that adequate information on their hazards is available.

The manner and extent of disclosure of information by these bodies has largely been left to their own discretion: there is no recommended 'model' for disclosure and no vetting of the information supplied.

This study will (i) examine the way in which employers, chemical manufacturers and the Factory Inspectorate interpret and fulfill their legal obligations to provide information on toxic hazards (ii) assess the quality of information supplied to work people by these bodies (iii) develop a model for the full and intelligible disclosure of information to work people (iv) lead to the publication of a training guide, suitable for use in the training of trade union safety representatives and others, describing methods of obtaining and interpreting information on the toxic hazards of industrial materials.'

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